



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

BEAVERCREEK TOWNSHIP
GREENE COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Beavercreek Township
851 Orchard Lane, Suite C
Beavercreek, Ohio 45434

We have reviewed the *Independent Auditor's Report* of Beavercreek Township, Greene County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2022 through December 31, 2022. 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. Beavercreek 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

January 03, 2024

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**Beavercreek Township
Greene County**

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INDEPENDENT AUDITOR'S REPORT

Beavercreek Township
Greene County
851 Orchard Lane, Suite C
Beavercreek, Ohio 45434

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beavercreek Township, Greene County, Ohio (Township), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beavercreek Township, Greene County, Ohio as of December 31, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Fire funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2023, 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. 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.



BHM CPA Group, Inc.
Piketon, Ohio
August 29, 2023

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The discussion and analysis of the Beavercreek Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the fiscal year ended December 31, 2022. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- During 2022, net position of the Township increased \$1,272,222 or 8.56% from 2021's net position.
- General revenues accounted for \$18,345,610 in revenue or 86.55% of total revenues. Program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$2,851,761 or 13.45% of total revenues of \$21,197,371.
- The Township had \$19,925,149 in expenses related to governmental activities; only \$2,851,761 of these expenses was offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,345,610 were adequate to provide for these programs.
- The Township's major governmental funds are the general fund and the fire fund. The general fund had \$1,278,646 in revenues and other financing sources and \$1,447,360 in expenditures. During 2022, the general fund's fund balance decreased \$168,714 from a balance of \$2,281,170 to \$2,112,456.
- The fire fund had \$22,501,909 in revenues and other financing sources and \$22,098,769 in expenditures and other financing uses. During 2022, the fire fund's fund balance increased \$403,140 from a balance of \$4,778,390 to \$5,181,530.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, the general fund, fire fund, and the fire station fund are by far the most significant funds, and the only governmental funds reported as major funds.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Reporting the Township as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Township to provide programs and activities, the view of the Township as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net position and changes in net position. This change in net position is important because it tells the reader that, for the Township as a whole, the financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and statement of activities, the governmental activities include the Township's programs and services, including fire, police, road maintenance, capital improvements, and general administration.

Reporting the Township's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The Township's major governmental funds are the general fund and fire fund.

Governmental Funds

Most of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance Township programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Reporting the Township's Fiduciary Responsibilities

The Township is the trustee, or fiduciary, for its trust programs. This activity is presented as a private-purpose trust fund. These activities are excluded from the Township's other financial statements because the assets cannot be utilized by the Township to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Required Supplementary Information

Required supplementary information present information on the Township's net pension liability/asset and net OPEB liability/asset.

The Township as a Whole

The statement of net position provides the perspective of the Township as a whole. The table below provides a summary of the Township's net position at December 31, 2022 and December 31, 2021 respectively.

Net Position

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current and other assets	\$ 35,253,786	\$ 32,537,370
Capital assets, net	29,414,492	23,373,906
Total assets	<u>64,668,278</u>	<u>55,911,276</u>
<u>Deferred outflows</u>		
Pension	7,343,593	4,821,760
OPEB	2,575,538	3,143,730
Total deferred outflows	<u>9,919,131</u>	<u>7,965,490</u>
<u>Liabilities</u>		
Current liabilities	1,685,889	1,740,692
Long-term liabilities		
Due within one year	779,432	336,491
Due in more than one year		
Net pension liability	19,930,663	22,537,909
Net OPEB liability	3,338,160	3,285,968
Other amounts	6,911,933	446,478
Total liabilities	<u>32,646,077</u>	<u>28,347,538</u>
<u>Deferred inflows</u>		
Property taxes	16,861,135	16,483,570
Pension	7,442,384	2,488,244
OPEB	1,500,730	1,692,553
Total deferred inflows	<u>25,804,249</u>	<u>20,664,367</u>
<u>Net position</u>		
Net investment in capital assets	22,347,903	23,191,590
Restricted	7,658,695	4,406,432
Unrestricted (deficit)	<u>(13,869,515)</u>	<u>(12,733,161)</u>
Total net position (deficit)	<u>\$ 16,137,083</u>	<u>\$ 14,864,861</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Township's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the Township's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Township is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Township's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the Township's assets plus deferred outflows exceeded liabilities plus deferred inflows of resources by \$16,137,083.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

At year-end, capital assets represented 45.49% of total assets. Capital assets include land, construction in progress, buildings and improvements, equipment, vehicles, intangible right to use equipment, intangible right to use vehicles, and infrastructure. The net investment in capital assets at December 31, 2022, was \$22,347,903. These capital assets are used to provide services to the constituents and are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

For more information on the Township's deferred outflows related to pension and OPEB, see Note 10 and 11, respectively.

Total assets include a net pension asset and a net OPEB asset reported. See Note 10 and 11, respectively for more detail.

Long-term liabilities include amounts for the net pension liability and the net OPEB liability. These liabilities are outside of the control of the Township. The Township contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to Township employees, not the Township.

For more information on the Township's deferred inflows and inflows related to pension and OPEB, see Note 10 and 11, respectively.

A portion of the Township's net position, \$7,658,695, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position is a deficit of \$13,869,515, which is primarily caused by the reporting of the net pension liability and net OPEB liability.

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The table below shows the changes in net position for 2022 and 2021 respectively.

Change in Net Position

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2022</u>	<u>2021</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,375,232	\$ 1,463,730
Operating grants and contributions	1,419,758	1,035,370
Capital grants and contributions	56,771	620
General revenues:		
Property taxes	16,921,676	16,436,561
Other local taxes	163,948	254,975
Grants and entitlements	1,356,968	1,288,112
Investment earnings	(146,050)	(9,405)
Other	49,068	302,083
Total revenues	<u>21,197,371</u>	<u>20,772,046</u>
<u>Expenses</u>		
General government	1,243,017	1,094,008
Public safety	16,365,453	17,048,079
Public works	2,003,976	1,641,637
Conservation and recreation	102,834	267,251
Health	61,695	56,173
Other	94,360	183,856
Interest and fiscal charges	53,814	7,170
Total expenses	<u>19,925,149</u>	<u>20,298,174</u>
Changes in net position	1,272,222	473,872
Net position at beginning of year, restated	<u>14,864,861</u>	<u>14,390,989</u>
Net position at end of year	<u>\$ 16,137,083</u>	<u>\$ 14,864,861</u>

Governmental Activities

For fiscal year 2022, the net position of the Township's governmental activities increased \$1,272,222 from 2021's net position. Total governmental expenses of \$19,925,149 were partially offset by program revenues of \$2,851,761 and general revenues of \$18,345,610 were adequate to cover the remaining expense. Program revenues supported 14.31% of the total governmental expenses.

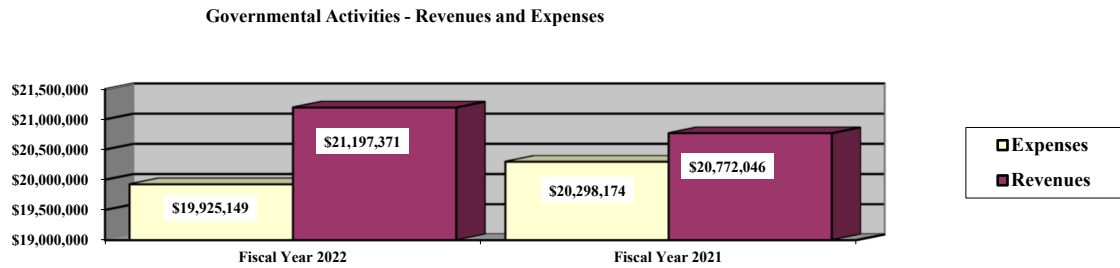
Public safety expenses totaled \$16,365,453 and include expenses related to fire, police, EMS, and other safety services provided by the Township. Public works expenses totaled \$2,003,976 and relate to the Township's road maintenance and construction departments. General government expenses totaled \$1,243,017 and are related to the Township's administrative functions. Interest and fiscal charges account for interest paid on the Township's lease obligations.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Expenses of the governmental activities contain expenses related to the net pension liability/asset and net OPEB liability/asset. On an accrual basis, the Township had pension expense of \$1,864,505 and OPEB expense of \$314,209 in 2022.

The graph below presents the Township's governmental activities revenue and expenses for fiscal year 2022 and 2021.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As stated above, fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years.

Governmental Activities

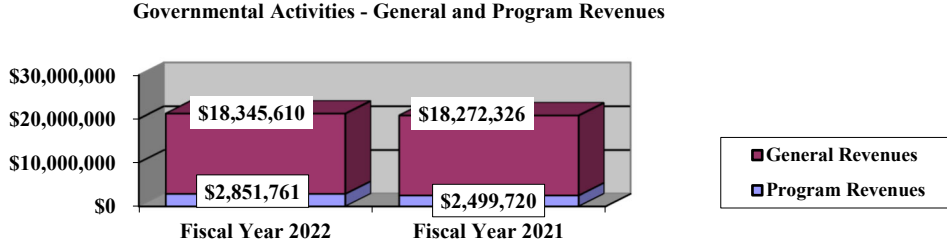
	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses:				
General government	\$ 1,243,017	\$ 1,206,109	\$ 1,094,008	\$ 1,041,704
Public safety	16,365,453	14,049,173	17,048,079	15,185,366
Public works	2,003,976	1,599,804	1,641,637	1,161,202
Conservation and recreation	102,834	21,150	267,251	186,552
Health	61,695	48,978	56,173	32,604
Other	94,360	94,360	183,856	183,856
Interest and fiscal charges	<u>53,814</u>	<u>53,814</u>	<u>7,170</u>	<u>7,170</u>
Total expenses	<u>\$ 19,925,149</u>	<u>\$ 17,073,388</u>	<u>\$ 20,298,174</u>	<u>\$ 17,798,454</u>

The dependence upon tax revenues during fiscal year 2022 for governmental activities is apparent, as 85.69% of 2022 expenses are supported through taxes and other general revenues. The Township's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for Township's taxpayers.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

The graph below presents the Township's governmental activities revenue for fiscal years 2022 and 2021.



The Township's Funds

Governmental Funds

The Township's governmental funds reported a combined fund balance of \$15,189,282, which is more than last year's fund balance of \$12,843,476.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2022 and 2021.

	<u>Fund Balance</u> <u>December 31, 2022</u>	<u>Fund Balance</u> <u>December 31, 2021</u>	<u>Change</u>
General	\$ 2,112,456	\$ 2,281,170	\$ (168,714)
Fire	5,181,530	4,778,390	403,140
Other governmental	7,895,296	5,783,916	2,111,380
Total	\$ 15,189,282	\$ 12,843,476	\$ 2,345,806

General Fund

The Township's general fund balance decreased \$168,714. The table that follows assists in illustrating the revenues of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Revenues				
Property taxes	\$ 952,967	\$ 924,771	\$ 28,196	3.05 %
Fees, licenses and permits	110,024	\$ 125,323	\$ (15,299)	(12.21) %
Fines and forfeitures	8,568	8,195	373	4.55 %
Intergovernmental	257,389	213,832	43,557	20.37 %
Investment income	(146,372)	(13,839)	(132,533)	(957.68) %
Other revenues	49,068	302,083	(253,015)	(83.76) %
Total	\$ 1,231,644	\$ 1,560,365	\$ (328,721)	(21.07) %

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

In total, revenues were \$1,231,644. Property tax revenue represents 77.37% of all general fund revenue. Property tax revenue can fluctuate year to year based on collections. Investment income decreased \$132,533 due to a decrease in the fair value on the Township's investments. The Township plans to hold all investments to maturity to reduce interest rate risk. Other revenues decreased \$253,015 due to a decrease in miscellaneous operating receipts.

	2022 <u>Amount</u>	2021 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
General government	\$ 1,014,115	\$ 1,221,144	\$ (207,029)	(16.95) %
Public safety	76,543	-	76,543	- %
Public works	39,076	20,451	18,625	91.07 %
Conservation and recreation	25,356	189,773	(164,417)	(86.64) %
Health	26,492	25,122	1,370	5.45 %
Other	94,360	183,856	(89,496)	(48.68) %
Capital outlay	151,198	85,751	65,447	76.32 %
Principal retirement	18,169	14,540	3,629	24.96 %
Interest and fiscal charges	<u>2,051</u>	<u>2,289</u>	<u>(238)</u>	<u>(10.40) %</u>
Total	<u>\$ 1,447,360</u>	<u>\$ 1,742,926</u>	<u>\$ (295,566)</u>	<u>(16.96) %</u>

In total, expenditures were \$1,447,360 in the general fund. General fund expenditures consist of the same categories as described in the governmental activities. General government expenditures totaled \$1,014,115 and accounted for 70.07% of total general fund expenditures. General government expenditures decreased due to a decrease in administrative expenditures. Public works expenditures increased due to an increase in expenditures relating to highways. Conservation and recreation expenditures decreased due to a decrease in expenditures relating to park improvements. Other expenditures decreased due to a decrease in expenditures relating to information technologies. Capital Outlay increased due to an increase in expenditures relating to improvement of sites. Principal retirement increased due to an increase in payments made towards the Townships debt related activities.

Fire Fund

The fire fund had \$22,501,909 in revenues and other financing sources and \$22,098,769 in expenditures and other financing uses. During 2022, the fire fund's fund balance increased \$403,140 from a balance of \$4,778,390 to \$5,181,530.

General Fund Budgeting Highlights

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

For the general fund, the original and final budgeted revenue and other financing sources were \$1,468,482 and \$1,471,267, respectively. Actual revenue and other financing sources were \$1,532,820, which was a \$61,553 increase from final budgeted amounts.

The original budgeted expenditures and other financing uses were \$2,885,807. Final budgeted expenditures and other financing uses were \$3,329,325, which was a \$443,518 increase. Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$1,984,823. This amount was \$1,344,502 less than the final budgeted amount (appropriations plus prior year encumbrances).

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the Township had \$29,414,492 invested in land, buildings and improvements, equipment, vehicles, intangible right to use equipment, intangible right to use vehicles and infrastructure. The following table shows fiscal year 2022 compared to 2021 balances. The capital assets at June 30, 2021 have been restated as described in Note 3.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities	
	2022	Restated 2021
Land	\$ 1,688,000	\$ 1,688,000
Buildings and improvements	15,900,103	16,506,895
Equipment	1,255,793	1,035,746
Vehicles	5,080,910	352,656
Infrastructure	3,703,458	3,635,175
Intangible right to use vehicles	143,604	155,434
Intangible right to use equipment	1,642,624	-
Total	\$ 29,414,492	\$ 23,373,906

Overall capital assets, net of accumulated depreciation, increased \$6,040,586 from 2021 to 2022. Capital outlays of \$8,269,236 exceeded depreciation expense of \$2,228,650 during the year. See Note 8 to the basic financial statements for more detail on the Township's capital assets.

Debt Administration

At December 31, 2022, the Township has \$7,194,464 in long-term debt outstanding. Of this total, \$608,596 is due within one year and \$6,585,868 is due in greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	Governmental Activities 2022	Governmental Activities 2021
LGIF loan	\$ 127,875	\$ 174,375
Lease Payable	1,652,117	143,335
Financed purchase note payable	5,414,472	-
Total	\$ 7,194,464	\$ 317,710

See Note 13 to the basic financial statements for more detail on the Township's long-term obligations.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Economic Conditions and Outlook

Beavercreek Township is one of the best places to live in Ohio. The Township is known as one of the original four townships in this section of the state. It extended as far north as Lake Erie. It is a beautiful valley, fertile, well timbered, rolling, and picturesque landscape. It is admired for its fine housing developments, farms, rivers, and creeks (the Beaver Creek). Living in Beavercreek Township offers residents a dense suburban feel and most residents own their homes. Beavercreek Township is one of the premier residential communities in Greene County. It offers excellent schools, a beautiful park system, outstanding law enforcement and fire services. Beavercreek Township is situated in western Greene County. Conveniently located near the interchange of U.S. Route 35 and Interstate 675 providing access to I-75 and I-70. The Township is bordered by Sugarcreek Township, Xenia Township, and the municipalities of Beavercreek, Fairborn, Xenia, and Kettering. Many residents are employed or do business with Wright-Patterson Air Force Base, Ohio's largest single site employer. Several young professionals live in the Township and residents tend to lean conservative.

Economic development activities create both fiscal costs and benefits to the Township. In 2015 Beavercreek Township established an Economic Development Plan that identifies proposed economic development goals, objectives, and strategies for both residential and commercial growth. This plan provides a framework for strengthening tax revenue base by developing those projects having a positive fiscal impact on the Township. Beavercreek Township has used three (3) Tax Increment Financing (TIF) agreements to attract commercial development or improve public infrastructure. Beavercreek Township has twenty-four (24) approved residential Planned Unit Developments with 3,439 residential homes. Both economic growth and economic decline have significant fiscal cost consequences to the Township. Growth places demands on the Township to extend public services of various types, while decline erodes the existing tax base caused by the loss of residential and business taxpayers.

As the Township continues to grow, there will be a continued need to evaluate the fiscal health of the community, particularly given the fact that much of the new growth is likely to be residential. Township residents and businesses enjoy a high level of public services. The cost of providing these services continues to rise while revenue streams are being reduced. The Township will need to look for alternative ways to provide and fund these types of services.

The Township has recently made a significant investment in local economic development activities through its funding the U.S. 35 project, identifying a Highway Business Overlay District, and rezoning land for commercial growth.

The Township will continue to evaluate fiscal and funding resources to provide tax and financial incentives to businesses to retain, expand and create jobs in Beavercreek Township.

The Township continues to rely heavily on shared-services and reliance on special funds for cost allocation. The Board and Staff will continue to discuss options in FY2023 to determine options to help insure the long-term financial stability of the Township.

These economic factors were considered in preparing the Township's budget for fiscal year 2023. Budgeted revenues and other financing sources in the General Fund for Fiscal Year 2023 budget was \$1,463,342. The Township will continue conservative budgeting practices and will continue to look at long-term budget forecasts to make adequate plans to maintain solvency.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, contact Mr. Ryan A. Rushing, Fiscal Officer at Beavercreek Township, 851 N. Orchard Lane, Suite C, Beavercreek, Ohio 45434 or e-mail at rrushing@beavercreektownship.org.

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 16,350,187
Receivables:	
Property taxes	17,209,503
Accounts	146,191
Accrued interest	6,670
Due from other governments	1,038,487
Prepayments	168,743
Net pension asset	20,476
Net OPEB asset	313,529
Capital assets:	
Nondepreciable capital assets	1,688,000
Depreciable capital assets, net	27,726,492
Total capital assets, net	29,414,492
Total assets	64,668,278
Deferred outflows of resources:	
Pension	7,343,593
OPEB	2,575,538
Total deferred outflows of resources	9,919,131
Liabilities:	
Accounts payable	411,458
Accrued wages and benefits payable	347,479
Due to other governments	315,442
Accrued interest payable	39,134
Payroll withholdings payable	158,895
Unearned revenue	413,481
Long-term liabilities:	
Due within one year	779,432
Due in more than one year:	
Net pension liability	19,930,663
Net OPEB liability	3,338,160
Other amounts due in more than one year	6,911,933
Total liabilities	32,646,077
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	16,861,135
Pension	7,442,384
OPEB	1,500,730
Total deferred inflows of resources	25,804,249
Net position:	
Net investment in capital assets	22,347,903
Restricted for:	
Debt service	169,590
Capital projects	2,682,682
Public works	2,071,252
Police operations	1,103,770
Public safety	37,739
EMS operations	1,509,795
Cemetery	58,098
Other purposes	25,769
Unrestricted (deficit)	(13,869,515)
Total net position	\$ 16,137,083

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 1,243,017	\$ 36,908	\$ -	\$ -	\$ (1,206,109)
Public safety	16,365,453	1,242,354	1,023,926	50,000	(14,049,173)
Public works	2,003,976	1,575	395,826	6,771	(1,599,804)
Conservation and recreation	102,834	81,684	-	-	(21,150)
Health	61,695	12,711	6	-	(48,978)
Other	94,360	-	-	-	(94,360)
Interest and fiscal charges	53,814	-	-	-	(53,814)
Total governmental activities	<u>\$ 19,925,149</u>	<u>\$ 1,375,232</u>	<u>\$ 1,419,758</u>	<u>\$ 56,771</u>	<u>(17,073,388)</u>
		General revenues:			
		Property taxes levied for:			
		General purposes			953,574
		Roads			1,187,173
		Police			672,670
		Fire			14,108,259
		Other local taxes			163,948
		Grants and entitlements not restricted to specific programs			1,356,968
		Investment earnings			135,169
		(Decrease) in fair value of investments			(281,219)
		Miscellaneous			49,068
		Total general revenues			<u>18,345,610</u>
		Change in net position			1,272,222
		Net position at beginning of year			<u>14,864,861</u>
		Net position at end of year			<u>\$ 16,137,083</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General</u>	<u>Fire</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 1,355,069	\$ 5,933,028	\$ 9,062,090	\$ 16,350,187
Receivables:				
Property taxes	970,145	14,337,212	1,902,146	17,209,503
Accounts	3,548	4,748	137,895	146,191
Accrued interest	6,670	-	-	6,670
Interfund loans	900,000	36,885	-	936,885
Due from other governments	118,729	463,713	345,513	927,955
Prepayments	25,769	82,891	60,083	168,743
Total assets	<u>\$ 3,379,930</u>	<u>\$ 20,858,477</u>	<u>\$ 11,507,727</u>	<u>\$ 35,746,134</u>
Liabilities:				
Accounts payable	\$ 24,918	\$ 263,315	\$ 123,225	\$ 411,458
Interfund loans payable	-	-	936,885	936,885
Accrued wages and benefits payable	10,437	307,166	29,876	347,479
Due to other governments	4,185	305,541	5,716	315,442
Unearned revenue	-	-	413,481	413,481
Payroll withholdings payable	158,895	-	-	158,895
Total liabilities	<u>198,435</u>	<u>876,022</u>	<u>1,509,183</u>	<u>2,583,640</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	950,001	14,047,575	1,863,559	16,861,135
Delinquent property tax revenue not available	20,144	289,637	38,587	348,368
Accrued interest not available	4,756	-	-	4,756
Intergovernmental revenue not available	94,138	463,713	201,102	758,953
Total deferred inflows of resources	<u>1,069,039</u>	<u>14,800,925</u>	<u>2,103,248</u>	<u>17,973,212</u>
Fund balances:				
Nonspendable	25,769	82,891	60,083	168,743
Restricted	-	5,098,639	7,872,098	12,970,737
Committed	13,874	-	-	13,874
Assigned	934,450	-	-	934,450
Unassigned (deficit)	1,138,363	-	(36,885)	1,101,478
Total fund balances	<u>2,112,456</u>	<u>5,181,530</u>	<u>7,895,296</u>	<u>15,189,282</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,379,930</u>	<u>\$ 20,858,477</u>	<u>\$ 11,507,727</u>	<u>\$ 35,746,134</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		\$ 15,189,282
<i>Amounts reported for governmental activities on the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,414,492
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Delinquent property taxes receivable	348,368	
Intergovernmental receivable	758,953	
Accrued interest receivable	4,756	
Total		1,112,077
Other long-term assets collected to offset debt are not recognized in the governmental funds.		110,532
The net pension liability and net pension asset are not due in the current period; therefore, the liability, asset and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows of resources - pension	7,343,593	
Deferred inflows of resources - pension	(7,442,384)	
Net pension asset	20,476	
Net pension liability	(19,930,663)	
Total		(20,008,978)
The net OPEB liability and net OPEB asset are not due in the current period; therefore, the liability, asset and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred outflows of resources	2,575,538	
Deferred inflows of resources	(1,500,730)	
Net OPEB asset	313,529	
Net OPEB liability	(3,338,160)	
Total		(1,949,823)
Long-term liabilities, including loans and leases, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(496,901)	
Accrued interest payable	(39,134)	
Financed purchase note payable	(5,414,472)	
Lease payable	(1,652,117)	
LGIF loan	(127,875)	
Total		(7,730,499)
Net position of governmental activities		\$ 16,137,083

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Fire</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 952,967	\$ 14,104,853	\$ 1,858,786	\$ 16,916,606
Other local taxes	-	-	166,046	166,046
Charges for services	-	1,392	1,225,212	1,226,604
Fees, licenses and permits	110,024	15,750	14,286	140,060
Fines and forfeitures	8,568	-	37,739	46,307
Intergovernmental	257,389	928,822	1,324,140	2,510,351
Investment income	134,847	-	13,958	148,805
(Decrease) in fair value of investments	(281,219)	-	-	(281,219)
Other	49,068	238,929	60,849	348,846
Total revenues	<u>1,231,644</u>	<u>15,289,746</u>	<u>4,701,016</u>	<u>21,222,406</u>
Expenditures:				
Current:				
General government	1,014,115	-	246,307	1,260,422
Public safety	76,543	12,905,603	2,165,863	15,148,009
Public works	39,076	-	1,700,250	1,739,326
Conservation and recreation	25,356	-	-	25,356
Health	26,492	-	35,203	61,695
Other	94,360	-	-	94,360
Capital outlay	151,198	7,169,825	88,483	7,409,506
Debt service:				
Principal retirement	18,169	211,076	106,186	335,431
Interest and fiscal charges	2,051	7,314	5,315	14,680
Total expenditures	<u>1,447,360</u>	<u>20,293,818</u>	<u>4,347,607</u>	<u>26,088,785</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(215,716)</u>	<u>(5,004,072)</u>	<u>353,409</u>	<u>(4,866,379)</u>
Other financing sources (uses):				
Lease transaction	-	1,755,353	42,360	1,797,713
Transfers in	47,002	42,338	1,991,437	2,080,777
Transfers out	-	(1,804,951)	(275,826)	(2,080,777)
Inception of finance purchase note payable	-	5,414,472	-	5,414,472
Total other financing sources (uses)	<u>47,002</u>	<u>5,407,212</u>	<u>1,757,971</u>	<u>7,212,185</u>
Net change in fund balances	(168,714)	403,140	2,111,380	2,345,806
Fund balances at beginning of year	<u>2,281,170</u>	<u>4,778,390</u>	<u>5,783,916</u>	<u>12,843,476</u>
Fund balances at end of year	<u>\$ 2,112,456</u>	<u>\$ 5,181,530</u>	<u>\$ 7,895,296</u>	<u>\$ 15,189,282</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net change in fund balances - total governmental funds	\$	2,345,806
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization expense in the current period.		
Capital assets additions	\$ 8,269,236	
Current year depreciation/amortization	<u>(2,228,650)</u>	
Total		6,040,586
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
LGIF loan due from other entities	(40,193)	
Delinquent property tax revenue	5,070	
Intergovernmental revenues	9,766	
Interest revenue	<u>322</u>	
Total		(25,035)
The issuance of leases and financed purchases are reported as an other financing source in the governmental funds, however, in the Statement of Activities, they are not reported as revenues as they increase liabilities on the Statement of Net Position.		
		(7,212,185)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the Statement of Net Position.		
LGIF loan	46,500	
Lease payable	<u>288,931</u>	
Total		335,431
Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the Statement of Net Position.		
		(39,134)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension		2,044,741
OPEB		38,870
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension		(1,864,505)
OPEB		(314,209)
Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(78,144)</u>
Change in net position of governmental activities	\$	<u>1,272,222</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 907,148	\$ 1,035,000	\$ 952,967	\$ (82,033)
Fees, licenses and permits	107,147	83,274	110,681	27,407
Fines and forfeitures	8,294	6,446	8,568	2,122
Intergovernmental	245,127	190,513	253,214	62,701
Investment income	130,818	101,671	135,134	33,463
Other	65,567	50,958	67,730	16,772
Total revenues	<u>1,464,101</u>	<u>1,467,862</u>	<u>1,528,294</u>	<u>60,432</u>
Expenditures:				
Current:				
General government	1,601,221	1,847,311	1,101,300	746,011
Public works	65,427	75,483	45,000	30,483
Health	38,518	44,437	26,492	17,945
Conservation and recreation	47,846	55,200	32,908	22,292
Other	167,806	193,596	115,415	78,181
Capital outlay	238,021	274,602	163,708	110,894
Total expenditures	<u>2,158,839</u>	<u>2,490,629</u>	<u>1,484,823</u>	<u>1,005,806</u>
Excess (deficiency) of revenues over (under) expenditures	(694,738)	(1,022,767)	43,471	1,066,238
Other financing sources (uses):				
Advances out	(726,968)	(838,696)	(500,000)	338,696
Transfers in	4,381	3,405	4,526	1,121
Total other financing sources (uses)	<u>(722,587)</u>	<u>(835,291)</u>	<u>(495,474)</u>	<u>339,817</u>
Net change in fund balance	(1,417,325)	(1,858,058)	(452,003)	1,406,055
Fund balance at beginning of year	1,814,639	1,814,639	1,814,639	-
Prior year encumbrances appropriated	43,419	43,419	43,419	-
Fund balance at end of year	<u>\$ 440,733</u>	<u>\$ -</u>	<u>\$ 1,406,055</u>	<u>\$ 1,406,055</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 13,598,144	\$ 14,682,000	\$ 14,104,853	\$ (577,147)
Charges for services	984	552	1,392	840
Fees, licenses and permits	11,136	6,249	15,750	9,501
Intergovernmental	656,709	368,541	928,822	560,281
Other	148,645	83,418	210,237	126,819
Total revenues	<u>14,415,618</u>	<u>15,140,760</u>	<u>15,261,054</u>	<u>120,294</u>
Expenditures:				
Current:				
Public safety	16,127,830	19,094,621	14,374,364	4,720,257
Excess (deficiency) of revenues over (under) expenditures	<u>(1,712,212)</u>	<u>(3,953,861)</u>	<u>886,690</u>	<u>4,840,551</u>
Other financing sources (uses):				
Sale of capital assets	17,642	9,901	24,952	15,051
Advances in	1,465,847	822,624	2,073,234	1,250,610
Transfers in	29,934	16,799	42,338	25,539
Transfers (out)	<u>(1,982,154)</u>	<u>(2,346,780)</u>	<u>(1,766,648)</u>	<u>580,132</u>
Total other financing sources (uses)	<u>(468,731)</u>	<u>(1,497,456)</u>	<u>373,876</u>	<u>1,871,332</u>
Net change in fund balances	(2,180,943)	(5,451,317)	1,260,566	6,711,883
Fund balances at beginning of year	2,292,583	2,292,583	2,292,583	-
Prior year encumbrances appropriated	1,051,247	1,051,247	1,051,247	-
Fund balance at end of year	<u>\$ 1,162,887</u>	<u>\$ (2,107,487)</u>	<u>\$ 4,604,396</u>	<u>\$ 6,711,883</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	<u>Private-Purpose Trust</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,630
Net position:	
Restricted for individuals, organizations and other governments	\$ 6,630

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Private-Purpose Trust</u>
Additions:	
Earnings on investments	<u>\$ 428</u>
Net change in fiduciary net position	428
Net position beginning of year	<u>6,202</u>
Net position end of year	<u><u>\$ 6,630</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

A. The Township

The constitution and laws of the State of Ohio establish the rights and privileges of the Beavercreek Township, Greene County, (the "Township") as a body corporate and politic. A publicly-elected three member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, park maintenance, fire protection and emergency medical services. Police protection is provided by the Greene County Sheriff's Office.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes all departments and activities that are directly operated by the elected Township officials.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's Governing Board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; or (3) the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Township has no component units.

The following organizations are described due to their relationship to the Township:

PUBLIC ENTITY RISK POOLS

Ohio Township Association Risk Management Authority (OTARMA)

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA). OTARMA has been in existence since 1987 and provides a group self-insurance program that spreads the cost of claims and related expenses among its members. The risk pool has an AAA rating from Demotech, an independent rating service, based on the financial activity, loss reserves, administration, and overall performance. Note 9, 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.

The financial statements of the Township have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT 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.

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.

The Statement of Net Position presents the financial condition of the governmental activities of the Township at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Township, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order 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. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are reported in three categories: governmental, proprietary, and fiduciary. The Township has no proprietary funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the Township's major governmental funds:

General Fund - This fund accounts 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.

Fire Fund - This fund receives property tax money for providing emergency fire department services to residents of the Township.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Other governmental funds of the Township are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The Township has a private-purpose trust fund in 2022. The Township's private-purpose trust fund accounts for resources restricted by a legally binding trust agreement. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Township does not have any custodial funds.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Township are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources are generally included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and inflows of resources, and in the presentation of expenses versus expenditures.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Measurable means the amount of the transaction can be determined and available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Township, available means expected to be received within 60 days after year-end.

Nonexchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and payments in lieu of taxes are recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Township must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Township on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year-end: charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

See Notes 10 and 11 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except custodial 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 ordinance, 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 Township Trustees may appropriate. The appropriations ordinance is Township Trustee's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Township Trustees. The legal level of control has been established by Township Trustees at the object level within each department within each fund for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the 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 Township Trustees.

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

F. 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 Investments".

During 2022, investments were limited to nonnegotiable certificates of deposit, Federal Home Loan Bank (FHLB) securities, commercial paper, negotiable certificate of deposit, and U.S. government money market funds. Except for investments in nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Interest earnings are allocated to Township funds according to State statutes, Township charter, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2022 was \$134,847 which includes \$118,334 assigned from other Township funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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.

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide Statement of Net Position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the replacement cost back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value. The Township maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Township's historical records of necessary improvements and replacement. The Township reports all infrastructure acquired after 2004. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	45 years
Infrastructure	20 years
Equipment	5 years
Intangible leased assets	3 - 10 years
Vehicles	5 years

The Township is reporting intangible right to use assets related to leased equipment and vehicles. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Township will compensate the employees for the benefits through paid time off or some other means. The Township records a liability for accumulated unused vacation time when earned for all employees.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the Township has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in Township policies. The Township records a liability for accumulated unused sick leave for all employees at 30% of unused sick leave.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, and compensated absences, that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, lease payables, financed purchase note payables, and loans are recognized as liabilities on the fund financial statements when due. Net pension/OPEB liability and net pension/OPEB asset should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

J. Net Position

Net position represents the difference between all other elements on the Statement of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes unclaimed monies which have legal restrictions on their use. The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

K. 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 governmental funds. The classifications are as follows:

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Restricted - The restricted classification includes amounts 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 or enabling legislation (Township ordinances). Enabling legislation authorizes the Township to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Township can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of Township Trustees. The committed amounts cannot be used for any other purpose unless Township Trustees remove or change the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance 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 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. Assigned amounts represent intended uses established by Township Trustees. The Township Trustees have authorized the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Fund balance is also assigned for any 2022 appropriations in excess of estimated receipts for the General Fund.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township first applies restricted resources when an expenditure is 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 can be used.

L. Contributions of Capital

For the governmental activities, capital contributions are reported as a capital grant and contribution on the Statement of Activities. The Township had no contributed capital during 2022.

M. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

N. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability and net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

O. Prepayments

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepayments at year-end.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the Township has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Township recognized \$143,335 in governmental activities in leases payable at January 1, 2022; however, this entire amount was offset by the intangible asset, right to use lease – equipment and vehicles.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the Township.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Township.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the Township.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the Township.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Township.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Township.

B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
FEMA Airpack	<u>36,885</u>
Total	<u>\$ 36,885</u>

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balances on the basis of GAAP, the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations, and encumbrances (budget basis).

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis are revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis) are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrued (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement for the General Fund and Fire Fund (as reported in the fund financial statements) to the budgetary basis statement.

Net Changes in Fund Balance		
	<u>General Fund</u>	<u>Fire Fund</u>
Budget basis	\$ (452,003)	\$ 1,260,566
Net adjustment for revenue accruals	(296,650)	28,692
Net adjustment for expenditure accruals	11,608	(7,248,086)
Net adjustment for other financing sources/uses	500,000	5,033,336
Encumbrances	102,377	1,328,632
Fund budgeted elsewhere **	(34,046)	-
GAAP basis	\$ (168,714)	\$ 403,140

**Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Pay Accumulated Leave Fund.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 Township Trustees has 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 one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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 Fiscal Officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all Township deposits was \$8,414,820 and the bank balance of all Township deposits was \$8,747,332. Of the bank balance, \$7,626,145 was covered by the FDIC, \$1,121,187 was covered by the Ohio Pooled Collateral System (OPCS).

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. The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Township's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the Township's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

B. Investments

As of December 31, 2022, the Township had the following investments:

Measurement/ Investment Type	Measurement Value	Investment				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
Negotiable CD's	\$ 3,414,617	\$ 728,976	\$ 1,432,424	\$ 234,137	\$ 797,321	\$ 221,759
FHLB	1,789,930	-	-	-	-	1,789,930
Commercial paper	2,736,297	1,574,683	1,161,614	-	-	-
U.S. Government Money Market Mutual Fund	1,153	1,153	-	-	-	-
Total	<u>\$ 7,941,997</u>	<u>\$ 2,304,812</u>	<u>\$ 2,594,038</u>	<u>\$ 234,137</u>	<u>\$ 797,321</u>	<u>\$ 2,011,689</u>

The weighted average of maturity of investments is 1.30 years.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Fair Value Measurements: The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Township's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Township from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the Township.

Credit Risk: The Township's investments in commercial paper were rated A1 and P1 by Standard & Poor's and Moody's Investor services, respectively. The Township's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Investments in negotiable CD's are fully covered by the FDIC. Standard & Poor's has assigned the U.S. government money market mutual funds an AAAm money market rating. The Township has no investment policy dealing with credit risk beyond the requirements of State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Township Finance Director or qualified trustee.

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any single issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2022:

<u>Measurement/ Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Negotiable CD's	\$ 3,414,617	42.99
FHLB	1,789,930	22.54
Commercial paper	2,736,297	34.45
U.S. Government Money Market Mutual Fund	<u>1,153</u>	<u>0.02</u>
Total	<u>\$ 7,941,997</u>	<u>100.00</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of December 31, 2022:

<u>Cash and Investments per Note</u>	
Carrying amount of deposits	\$ 8,414,820
Investments	<u>7,941,997</u>
Total	<u>\$ 16,356,817</u>
 <u>Cash and Investments per Statement of Net Position</u>	
Governmental activities	\$ 16,350,187
Private-purpose funds	<u>6,630</u>
Total	<u>\$ 16,356,817</u>

NOTE 6 - RECEIVABLES

Receivables at December 31, 2022 consisted of property taxes; other local taxes; accounts (billings for user charged services and fines); and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are considered collectible in full and will be received within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of amounts Due from Other Governments follows:

	Amount
Governmental Activities:	
General Fund	
Local government	\$ 65,229
Homestead and rollback	<u>53,500</u>
Total General Fund	<u>118,729</u>
Fire Fund	
Homestead and rollback	<u>\$ 463,713</u>
Nonmajor governmental funds	
Permissive motor vehicle tax	\$ 82,482
Gasoline tax	85,245
Motor vehicle license tax	9,781
Homestead and rollback	80,721
Other	<u>87,284</u>
Total Nonmajor Fund	<u>345,513</u>
Total Governmental Activities	<u>\$ 927,955</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - RECEIVABLES - (Continued)

In addition to the above, the Township receives money from the other entities to pay their portion of the LGIF loan the Township entered into to purchase a mobile radio system. As of December 31, 2022, the Township expects to collect \$110,532 from the other entities. The Township expects to collect the entire amount by 2024. See Note 13 for more information.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Greene County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The Greene County Auditor periodically remits to the Township its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by a deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is considered a deferred inflow of resources.

The full tax rate for all Township operations for the year ended December 31, 2022 was \$19.35 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real property	\$2,098,259,620
Public utility personal property	<u>54,847,040</u>
Total assessed value	<u><u>\$2,153,106,660</u></u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - CAPITAL ASSETS

Governmental Activities

Due to the implementation of GASB Statement No. 87, the Township has reported capital assets for the right to use leased equipment and vehicles which are reflected in the schedule below. Capital assets activity for the year ended December 31, 2022, was as follows:

<u>Governmental Activities:</u>	Restated Balance 12/31/21	Additions	Disposals	Balance 12/31/22
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,688,000	\$ -	\$ -	\$ 1,688,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated/amortized	<u>1,688,000</u>	<u>-</u>	<u>-</u>	<u>1,688,000</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	28,715,782	-	-	28,715,782
Equipment	2,864,527	666,008	-	3,530,535
Vehicles	7,925,429	5,414,472	-	13,339,901
Infrastructure	6,234,100	389,741	-	6,623,841
Intangible right to use assets				
Vehicles	204,681	43,662	-	248,343
Equipment	-	1,755,353	-	1,755,353
Total capital assets, being depreciated/amortized	<u>45,944,519</u>	<u>8,269,236</u>	<u>-</u>	<u>54,213,755</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings	(12,208,887)	(606,792)	-	(12,815,679)
Equipment	(1,828,781)	(445,961)	-	(2,274,742)
Vehicles	(7,572,773)	(686,218)	-	(8,258,991)
Infrastructure	(2,598,925)	(321,458)	-	(2,920,383)
Intangible right to use assets				
Vehicles	(49,247)	(55,492)	-	(104,739)
Equipment	-	(112,729)	-	(112,729)
Total accumulated depreciation/amortization	<u>(24,258,613)</u>	<u>(2,228,650)</u>	<u>-</u>	<u>(26,487,263)</u>
Total capital assets, being depreciated/amortized, net	<u>21,685,906</u>	<u>6,040,586</u>	<u>-</u>	<u>27,726,492</u>
Governmental activities capital assets, net	<u>\$ 23,373,906</u>	<u>\$ 6,040,586</u>	<u>\$ -</u>	<u>\$ 29,414,492</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - CAPITAL ASSETS – (Continued)

Depreciation/amortization expense was charged to governmental functions/programs of the Township as follows:

Governmental Activities:

General government	\$ 113,718
Public safety	1,585,130
Public works	452,324
Conservation and recreation	<u>77,478</u>
Total depreciation/amortization expense	<u>\$ 2,228,650</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. During Fiscal Year 2022 the Township contracted with OTARMA for property and apparatus insurance, liability insurance, crime, terrorism, and automobile coverage. Coverage provided through OTARMA is as follows:

Property Coverages

Blanket Total Insured Values	\$37,751,966
Building	\$35,011,066
Personal Property	\$2,740,900
Miscellaneous Property Scheduled	\$5,567,776
EDP - Hardware	\$612,850
Miscellaneous Property Unscheduled	\$200,000
Total Insured Value	<u>\$44,132,592</u>

Equipment Breakdown Property Damage Deductible \$1,000	\$33,921,148
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Crime Coverage

Crime Limit	\$200,000
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Faithful Performance of Duty Coverage

Limit	\$250,000
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Automobile Coverages

Liability

Legal Liability for Automobile Claims	\$5,000,000
Covered Pollution Cost or Expense for Automobiles	\$5,000,000
Medical Expenses - Automobile	\$1,000
Uninsured and Underinsured Motorist Per Person	\$500,000
Uninsured and Underinsured Motorist Per Occurrence	\$500,000

Physical Damage

Total Insured Value	\$8,506,187
Comprehensive Deductible	\$500
Collision Deductible	\$1,000

Other Coverage

Law Enforcement Liability	\$5,000,000
Public Officials Wrongful Acts & Employment Practices	\$5,000,000
Cyber Coverages	\$1,000,000

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset and the net OPEB liability/asset represent the Township's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Township's obligation for this liability to annually required payments. The Township cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Township does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time police and 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member’s pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 annuitization of the benefit (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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The Township's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$249,835 for 2022. Of this amount, \$10,020 is reported as due to other governments.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Firefighters
2022 Statutory Maximum Contribution Rates	
Employer	24.00 %
Employee	12.25 %
2022 Actual Contribution Rates	
Employer:	
Pension	23.50 %
Post-employment Health Care Benefits	0.50 %
Total Employer	24.00 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OP&F was \$1,794,906 for 2022. Of this amount, \$278,965 is reported as due to other governments.

Net Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The Township's proportion of the net pension liability or asset was based on the Township's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00942400%	0.00514500%	0.00179400%	0.31013850%	
Proportion of the net pension liability/asset current measurement date	0.01039000%	0.00497400%	0.00483700%	0.30455270%	
Change in proportionate share	0.00096600%	-0.00017100%	0.00304300%	-0.00558580%	
Proportionate share of the net pension liability	\$ 903,972	\$ -	\$ -	\$ 19,026,691	\$ 19,930,663
Proportionate share of the net pension asset	-	(19,598)	(878)	-	(20,476)
Pension expense	(12,646)	(707)	(142)	1,878,000	1,864,505

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 46,083	\$ 121	\$ 867	\$ 548,621	\$ 595,692
Changes of assumptions	113,040	984	27	3,477,261	3,591,312
Changes in employer's proportionate percentage/ difference between employer contributions	137,592	-	-	974,256	1,111,848
Contributions subsequent to the measurement date	244,731	3,403	1,701	1,794,906	2,044,741
Total deferred outflows of resources	<u>\$ 541,446</u>	<u>\$ 4,508</u>	<u>\$ 2,595</u>	<u>\$ 6,795,044</u>	<u>\$ 7,343,593</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 19,826	\$ 2,188	\$ -	\$ 989,128	\$ 1,011,142
Net difference between projected and actual earnings on pension plan investments	1,075,244	4,202	200	4,988,503	6,068,149
Changes in employer's proportionate percentage/ difference between employer contributions	-	-	-	363,093	363,093
Total deferred inflows of resources	<u>\$ 1,095,070</u>	<u>\$ 6,390</u>	<u>\$ 200</u>	<u>\$ 6,340,724</u>	<u>\$ 7,442,384</u>

\$2,044,741 reported as deferred outflows of resources related to pension resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

**BEAVERCREEK TOWNSHIP
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2023	\$ (37,258)	\$ (1,292)	\$ 88	\$ 509,414	\$ 470,952
2024	(337,217)	(1,775)	62	(1,150,109)	(1,489,039)
2025	(252,833)	(1,169)	79	(551,614)	(805,537)
2026	(171,047)	(866)	80	(482,394)	(654,227)
2027	-	(112)	108	334,117	334,113
Thereafter	-	(71)	277	-	206
Total	<u>\$ (798,355)</u>	<u>\$ (5,285)</u>	<u>\$ 694</u>	<u>\$ (1,340,586)</u>	<u>\$ (2,143,532)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Township's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,383,362	\$ 903,972	\$ (327,077)
Combined Plan	(14,624)	(19,598)	(23,477)
Member-Directed Plan	(774)	(878)	(967)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Township's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Township's proportionate share of the net pension liability	\$ 28,216,318	\$ 19,026,691	\$ 11,374,002

**BEAVERCREEK TOWNSHIP
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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 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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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 2022, 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 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$681 for 2022. Of this amount, \$27 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

**BEAVERCREEK TOWNSHIP
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contractually required contribution to OP&F was \$38,189 for 2022. Of this amount, \$5,935 is reported as due to other governments.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The Township's proportion of the net OPEB liability/asset was based on the Township's share of contributions to the retirement plan relative to the contributions of all participating entities.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.00899800%	0.31013850%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01001000%</u>	<u>0.30455270%</u>	
Change in proportionate share	<u>0.00101200%</u>	<u>-0.00558580%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 3,338,160	\$ 3,338,160
Proportionate share of the net OPEB asset	(313,529)	-	(313,529)
OPEB expense	(225,507)	539,716	314,209

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**BEAVERCREEK TOWNSHIP
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2022, the Township reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 151,856	\$ 151,856
Changes of assumptions	-	1,477,571	1,477,571
Changes in employer's proportionate percentage/difference between employer contributions	32,446	874,795	907,241
Contributions subsequent to the measurement date	681	38,189	38,870
Total deferred outflows of resources	<u>\$ 33,127</u>	<u>\$ 2,542,411</u>	<u>\$ 2,575,538</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 47,558	\$ 441,182	\$ 488,740
Net difference between projected and actual earnings on OPEB plan investments	149,468	301,550	451,018
Changes of assumptions	126,913	387,708	514,621
Changes in employer's proportionate percentage/difference between employer contributions	-	46,351	46,351
Total deferred inflows of resources	<u>\$ 323,939</u>	<u>\$ 1,176,791</u>	<u>\$ 1,500,730</u>

\$38,870 reported as deferred outflows of resources related to OPEB resulting from Township contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (173,469)	\$ 417,616	\$ 244,147
2024	(63,899)	372,850	308,951
2025	(32,659)	359,271	326,612
2026	(21,466)	42,856	21,390
2027	-	73,455	73,455
Thereafter	-	61,383	61,383
Total	<u>\$ (291,493)</u>	<u>\$ 1,327,431</u>	<u>\$ 1,035,938</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	3.25 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.3% for 2021.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00 %</u>	<u>3.45 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Township's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Township's proportionate share of the net OPEB asset	\$ 184,384	\$ 313,529	\$ 420,720

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Township's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
Township's proportionate share of the net OPEB asset	\$ 316,917	\$ 313,529	\$ 309,509

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Township's proportionate share of the net OPEB liability	\$ 4,196,141	\$ 3,338,160	\$ 2,632,897

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Township's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Health Care Benefits

The Township offers employee health, vision, dental, life and disability insurance benefits. The Township offers accident insurance benefits through AFLAC. The employees share the cost of the monthly health care, vision, dental, life, disability, and accident premiums with the Township.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Township policies and State laws.

Township employees earn and accumulate vacation at varying rates depending on length of service. Vacation accrual rates change on the employees' anniversary date, when applicable. Employees are paid their full earned unused vacation leave upon termination.

Sick leave is earned at 10 hours per month for employees who work an average 40 hour work week. All employees with 10 or more years of full-time service with the Township (including prior service years with another governmental organization), who elect to retire, are entitled to receive 30% of the value of their accumulated unused sick leave.

NOTE 13 - LONG-TERM OBLIGATIONS

Governmental Activities

The Township's governmental activities long-term obligations activity for 2022 follows. Due to the implementation of GASB Statement No. 87, the Township has reported obligations for leases payable which are reflected in the schedule below.

	Restated Balance			Balance	Amounts Due in
	<u>December 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2022</u>	<u>One Year</u>
Governmental Activities:					
LGIF Loan	\$ 174,375	\$ -	\$ (46,500)	\$ 127,875	\$ 46,500
Lease payable	143,335	1,797,713	(288,931)	1,652,117	213,393
Financed purchase note payable	-	5,414,472	-	5,414,472	348,703
Net pension liability	22,537,909	-	(2,607,246)	19,930,663	-
Net OPEB liability	3,285,968	52,192	-	3,338,160	-
Compensated absences	<u>465,259</u>	<u>256,433</u>	<u>(224,791)</u>	<u>496,901</u>	<u>170,836</u>
Total governmental activities long-term liabilities	<u>\$ 26,606,846</u>	<u>\$ 7,520,810</u>	<u>\$ (3,167,468)</u>	<u>\$ 30,960,188</u>	<u>\$ 779,432</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

LGIF Loan

The Township entered into an agreement with other entities to take out a Local Government Investment Fund (LGIF) Loan with the State of Ohio as part of a demonstration project from the Ohio Development Services Agency. The loan matures July 31, 2024 and carries a 0% interest rate. Principal payments are due to the State of Ohio on January 31, April 30, July 31, and October 31.

The following is a summary of the future annual debt service requirements to maturity for the LGIF Loan:

For the year ending December 31,	Local Government Investment Loan
2023	46,500
2024	81,375
Total	<u>\$ 127,875</u>

The Township entered into an agreement with Cedarville Township, the City of Beavercreek, Greene County, Miami Township, and New Jasper Township to take out an LGIF Loan. The entities agreed to reimburse the Township for each entities respective portion of the loan. The Township has recorded a due from other governments receivable of \$110,532 at December 31, 2022 for the remaining balance of the amount due to the Township. The following is a summary of the amounts the Township expects to collect until the loan matures:

For the year ending December 31,	LGIF Receivable from other entities
2023	40,193
2024	70,339
Total	<u>\$ 110,532</u>

Leases Payable - The Township has entered into lease agreements for the use of right to use equipment and vehicles. Due to the implementation of GASB Statement No. 87, the Township will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the fire fund and the EMS fund a nonmajor special revenue fund.

The Township has entered into lease agreements for fire related equipment and Enterprise vehicles at varying years and terms as follows:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Vehicle	2022	3	2024	Monthly
Vehicle	2022	3	2024	Monthly
Vehicle	2022	3	2024	Monthly
Equipment	2022	10	2031	Annually

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 213,393	\$ 82,560	\$ 295,953
2024	176,987	72,824	249,811
2025	157,361	64,420	221,781
2026	161,888	56,502	218,390
2027	170,171	48,219	218,390
2028 - 2032	<u>772,317</u>	<u>101,245</u>	<u>873,562</u>
Total	<u>\$ 1,652,117</u>	<u>\$ 425,770</u>	<u>\$ 2,077,887</u>

Financed purchase note payable

The financed purchase note payable will be repaid from the fire fund.

During fiscal year 2022, the Township entered into a financed purchase note payable agreement with PNC bank to purchase much needed Fire Apparatus. Apparatus purchased includes one 2024 Pierce Enforcer PUC Engine/Rescue Truck, one 2024 Pierce Enforcer 100' Mid-Mount Aerial Platform Truck and four 2023 Pierce Enforcer Pumper Trucks.

The following is a summary of the future debt service requirements to retire the financed purchase note payable:

<u>Fiscal Year Ending</u>	<u>Financed Purchase Note Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 348,703	\$ 270,123	\$ 618,826
2024	404,038	214,789	618,827
2025	421,169	197,657	618,826
2026	439,026	179,800	618,826
2027	457,641	161,185	618,826
2028 - 2032	<u>3,343,895</u>	<u>497,879</u>	<u>3,841,774</u>
Total	<u>\$ 5,414,472</u>	<u>\$ 1,521,433</u>	<u>\$ 6,935,905</u>

Net Pension Liability and Net OPEB Liability

The Township pays obligations related to employee compensation for governmental activities from the General Fund, the Fire Fund, the Road and Bridge Fund (a nonmajor governmental fund), and the SAFER Grant Fund (a nonmajor governmental fund). See Notes 10 and 11 for further information.

Compensated Absences

The compensated absences liability will be paid from the funds from which the employees' salaries are paid. For governmental activities, compensated absences are paid from the General Fund, Road and Bridge Fund, and the Fire Fund.

Legal Debt Margin

At December 31, 2022, the Township's overall legal debt margin was \$225,214,349 and the unvoted debt margin was \$117,969,421.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the Township as defendant.

B. Federal and State Grants

For the period January 1, 2022, to December 31, 2022, the Township received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Township believes such disallowances, if any, would be immaterial.

NOTE 15 - OTHER COMMITMENTS

The Township utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year-end, the Township's commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 85,583
Fire	1,146,261
Nonmajor Governmental Funds	<u>2,241,462</u>
Total	<u>\$ 3,473,306</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - FUND BALANCE

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepayments	\$ 25,769	\$ 82,891	\$ 60,083	\$ 168,743
Restricted:				
Debt service	-	-	59,058	59,058
Capital improvements	-	-	1,070,211	1,070,211
Public safety	-	-	37,739	37,739
Public works	-	-	2,501,373	2,501,373
Police	-	-	1,071,514	1,071,514
Fire	-	5,098,639	1,612,471	6,711,110
EMS	-	-	1,461,668	1,461,668
Cemetery	-	-	58,064	58,064
Total restricted	<u>-</u>	<u>5,098,639</u>	<u>7,872,098</u>	<u>12,970,737</u>
Committed:				
Accumulated leave	<u>13,874</u>	<u>-</u>	<u>-</u>	<u>13,874</u>
Assigned:				
General government	42,050	-	-	42,050
Public works	5,925	-	-	5,925
Conservation and recreation	6,731	-	-	6,731
Other	23,110	-	-	23,110
Subsequent year appropriations	<u>856,634</u>	<u>-</u>	<u>-</u>	<u>856,634</u>
Total assigned	<u>934,450</u>	<u>-</u>	<u>-</u>	<u>934,450</u>
Unassigned	<u>1,138,363</u>	<u>-</u>	<u>(36,885)</u>	<u>1,101,478</u>
Total fund balances	<u>\$ 2,112,456</u>	<u>\$ 5,181,530</u>	<u>\$ 7,895,296</u>	<u>\$ 15,189,282</u>

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 17 - INTERFUND TRANSACTIONS

A. Interfund Balances

Interfund balances at December 31, 2022, as reported on the fund statements consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 900,000
Fire	Nonmajor governmental funds	<u>36,885</u>
Total		<u>\$ 936,885</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2022 consisted of the following, as reported on the fund financial statements:

<u>Transfers from the Fire fund to:</u>		<u>Amount</u>
General fund		\$ 42,476
Nonmajor governmental funds		<u>1,762,475</u>
Total		<u>1,804,951</u>
<u>Transfers from nonmajor governmental funds to:</u>		
General fund		4,526
Fire fund		42,338
Nonmajor governmental funds		<u>228,962</u>
Total		<u>275,826</u>
Total		<u>\$ 2,080,777</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers during fiscal year 2022 were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>			
Township's proportion of the net pension liability	0.010390%	0.009424%	0.008954%
Township's proportionate share of the net pension liability	\$ 903,972	\$ 1,395,489	\$ 1,769,819
Township's covered payroll	\$ 1,444,864	\$ 1,404,671	\$ 1,256,286
Township's proportionate share of the net pension liability as a percentage of its covered payroll	62.56%	99.35%	140.88%
Plan fiduciary net position as a percentage of the total pension liability	96.62%	86.88%	82.17%
<i>Combined Plan:</i>			
Township's proportion of the net pension asset	0.004974%	0.005145%	0.005094%
Township's proportionate share of the net pension asset	\$ 19,598	\$ 14,852	\$ 10,622
Township's covered payroll	\$ 22,679	\$ 22,679	\$ 22,679
Township's proportionate share of the net pension asset as a percentage of its covered payroll	86.41%	65.49%	46.84%
Plan fiduciary net position as a percentage of the total pension asset	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>			
Township's proportion of the net pension asset	0.004837%	0.001794%	n/a
Township's proportionate share of the net pension asset	\$ 878	\$ 327	n/a
Township's covered payroll	\$ 30,330	\$ 10,770	n/a
Township's proportionate share of the net pension asset as a percentage of its covered payroll	2.89%	3.04%	n/a
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Township's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Township's proportion of the net pension liability	0.30455270%	0.31013850%	0.31215930%
Township's proportionate share of the net pension liability	\$ 19,026,691	\$ 21,142,420	\$ 21,028,718
Township's covered payroll	\$ 6,904,336	\$ 7,278,123	\$ 6,669,115
Township's proportionate share of the net pension liability as a percentage of its covered payroll	275.58%	290.49%	315.31%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Township's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWNSHIP PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 244,731	\$ 202,281	\$ 196,654	\$ 175,880
Contributions in relation to the contractually required contribution	<u>(244,731)</u>	<u>(202,281)</u>	<u>(196,654)</u>	<u>(175,880)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 1,748,079	\$ 1,444,864	\$ 1,404,671	\$ 1,256,286
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 3,403	\$ 3,175	\$ 3,175	\$ 3,175
Contributions in relation to the contractually required contribution	<u>(3,403)</u>	<u>(3,175)</u>	<u>(3,175)</u>	<u>(3,175)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 24,307	\$ 22,679	\$ 22,679	\$ 22,679
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 1,701	\$ 3,033	\$ 1,077	n/a
Contributions in relation to the contractually required contribution	<u>(1,701)</u>	<u>(3,033)</u>	<u>(1,077)</u>	n/a
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a
Township's covered payroll	\$ 17,010	\$ 30,330	\$ 10,770	n/a
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2019 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWNSHIP PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FOUR YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Fire:</i>				
Contractually required contribution	\$ 1,794,906	\$ 1,622,519	\$ 1,710,359	\$ 1,567,242
Contributions in relation to the contractually required contribution	<u>(1,794,906)</u>	<u>(1,622,519)</u>	<u>(1,710,359)</u>	<u>(1,567,242)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 7,637,898	\$ 6,904,336	\$ 7,278,123	\$ 6,669,115
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

Note: Information prior to 2019 was unavailable.
Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Township's proportion of the net OPEB liability/asset	0.010010%	0.008998%	0.008489%
Township's proportionate share of the net OPEB liability/(asset)	\$ (313,529)	\$ (160,307)	\$ 1,172,551
Township's covered payroll	\$ 1,497,873	\$ 1,438,120	\$ 1,278,965
Township's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	20.93%	11.15%	91.68%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Township's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE TOWNSHIP'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Township's proportion of the net OPEB liability	0.30455270%	0.31013850%	0.31215930%
Township's proportionate share of the net OPEB liability	\$ 3,338,160	\$ 3,285,968	\$ 3,083,425
Township's covered payroll	\$ 6,904,336	\$ 7,278,123	\$ 6,669,115
Township's proportionate share of the net OPEB liability as a percentage of its covered payroll	48.35%	45.15%	46.23%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%

Note: Information prior to 2020 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the Township's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 681	\$ 1,213	\$ 431	\$ -
Contributions in relation to the contractually required contribution	<u>(681)</u>	<u>(1,213)</u>	<u>(431)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 1,789,396	\$ 1,497,873	\$ 1,438,120	\$ 1,278,965
Contributions as a percentage of covered payroll	0.04%	0.08%	0.03%	0.00%

Note: Information prior to 2019 was unavailable.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF TOWNSHIP OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FOUR YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Fire:</i>				
Contractually required contribution	\$ 38,189	\$ 34,522	\$ 36,391	\$ 33,346
Contributions in relation to the contractually required contribution	<u>(38,189)</u>	<u>(34,522)</u>	<u>(36,391)</u>	<u>(33,346)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Township's covered payroll	\$ 7,637,898	\$ 6,904,336	\$ 7,278,123	\$ 6,669,115
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Note: Information prior to 2019 was unavailable.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.



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

Beavercreek Township
Greene County
851 Orchard Lane, Suite C
Beavercreek, Ohio 45434

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beavercreek Township, Greene County, (the Township) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 29, 2023. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Report on Internal Control 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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*.

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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
August 29, 2023

OHIO AUDITOR OF STATE KEITH FABER



BEAVERCREEK TOWNSHIP

GREENE 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 1/16/2024

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