

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

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**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

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**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
MAD RIVER TOWNSHIP, CHAMPAIGN COUNTY
For the Year Ended December 31, 2016**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$52,159	\$210,121		\$262,280
Licenses, Permits and Fees	1,625	14,670		16,295
Intergovernmental	19,520	137,819		157,339
Earnings on Investments	8,861	1,788	417	11,066
Miscellaneous	4,510	11,174		15,684
<i>Total Cash Receipts</i>	<u>86,675</u>	<u>375,572</u>	<u>417</u>	<u>462,664</u>
Cash Disbursements				
Current:				
General Government	69,894	36,808	38	106,740
Public Safety		63,643		63,643
Public Works		274,032		274,032
Health		28,941	150	29,091
Capital Outlay	21,017	12,467		33,484
<i>Total Cash Disbursements</i>	<u>90,911</u>	<u>415,891</u>	<u>188</u>	<u>506,990</u>
<i>Excess of Receipts Over</i>	<u>(4,236)</u>	<u>(40,319)</u>	<u>229</u>	<u>(44,326)</u>
<i>Other Financing Receipts</i>				
Sale of Capital Assets		10,515		10,515
Transfers In		14,000		14,000
Transfers Out	(14,000)			(14,000)
Other Financing Sources	610			610
Other Financing Uses	(5)			(5)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,395)</u>	<u>24,515</u>		<u>11,120</u>
Net Change in Fund Cash Balance	<u>(17,631)</u>	<u>(15,804)</u>	<u>229</u>	<u>(33,206)</u>
Fund Cash Balances, January 1	<u>458,861</u>	<u>616,701</u>	<u>24,061</u>	<u>1,099,623</u>
Fund Cash Balances, December 31				
Nonspendable			20,900	20,900
Restricted		600,897	3,390	604,287
Assigned	21,564			21,564
Unassigned (Deficit)	419,666			419,666
<i>Fund Cash Balances, December 31</i>	<u>\$441,230</u>	<u>\$600,897</u>	<u>\$24,290</u>	<u>\$1,066,417</u>
GASB 54 Worksheet/Note Disclosure				
<i>Net Change in Fund Cash Balances</i>	<u>(\$17,631)</u>	<u>(\$15,804)</u>	<u>\$229</u>	<u>(\$33,206)</u>
<i>Fund Cash Balances, January 1</i>	<u>458,861</u>	<u>616,701</u>	<u>24,061</u>	<u>1,099,623</u>
<i>Fund Cash Balances, December 31</i>	<u>\$441,230</u>	<u>\$600,897</u>	<u>\$24,290</u>	<u>\$1,066,417</u>
Fund Balances				
Amounts identified as:				
Nonspendable				
Cemetery Endowment			\$20,900	\$20,900
<i>Total Nonspendable</i>			<u>20,900</u>	<u>20,900</u>
Restricted for:				
Cemetery		27,333	3,390	30,723
Fire Operations		183,352		183,352
Road and Bridge Maintenance and Improvements		388,216		388,216
Street Lighting		1,996		1,996
<i>Total Restricted</i>		<u>600,897</u>	<u>3,390</u>	<u>604,287</u>
Assigned to:				
Assigned	21,564			21,564
<i>Total Assigned</i>	<u>21,564</u>			<u>21,564</u>
<i>Unassigned</i>	<u>419,666</u>			<u>419,666</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$441,230</u>	<u>\$600,897</u>	<u>\$24,290</u>	<u>\$1,066,417</u>

These Financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mad River Township, Champaign County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the JSP Joint Fire District and German Township Fire Department to provide fire and ambulance services.

The Township participates in a public entity risk pool. The organization is:
Ohio Township Association Risk Management Authority (OTARMA)

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township maintains a checking account at Security National Bank, a savings account at First Central National Bank, and Certificate of Deposits at Perpetual Federal Savings Bank. Interest is posted monthly on the checking and most of the CDs, but 1 CD and the savings account interest is posted quarterly. The savings account was closed in 2016.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Motor Vehicle Fund - This fund receives auto registration tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund - This fund receives money from sales of Township Cemetery lots and charges for services to pay for maintaining the Township Cemeteries and services related to burials.

Fire and EMS Fund - This fund receives property tax money to pay for Fire and EMS protection services.

Outside Road Fund - This fund receives property tax money to for the general construction, reconstruction, resurfacing and repair of streets, roads, and bridges.

Street Lighting Fund - This fund receives tax assessment money to pay for street lighting in the unincorporated communities of Terre Haute, Thackery, and Westville.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest/Memorial Fund – This fund receives interest earned on the nonexpendable donated money. These earnings are used for the general maintenance and upkeep of one small specified cemetery and flowers for specified graves in the Township's cemeteries.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission also reviews the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016
Certificates of deposit	567,578
Other time deposits (NOW accounts)	502,209
Total deposits	1,069,787

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by securities specifically pledged by the financial institutions to the Township

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,513	\$87,284	\$8,771
Special Revenue	369,495	400,087	30,592
Debt Service			0
Capital Projects			0
Internal Service			0
Permanent	100	416	316
Fiduciary			0
Total	\$448,108	\$487,787	\$39,679

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,504	\$104,916	\$18,588
Special Revenue	583,051	415,891	167,160
Debt Service			0
Capital Projects			0
Internal Service			0
Permanent	520	187	333
Fiduciary			0
Total	\$707,075	\$520,993	\$186,082

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MAD RIVER TOWNSHIP
CHAMPAIGN COUNTY**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township Insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (YORK), functions as the administrator of OTARMA and provides underwriting, claims loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of American Public Entity Excess Pool (APEEP), which is also administered by YORK. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 casualty claims and \$250,000 for property claims. The aforementioned casualty and property reinsurance agreements do not discharge. OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective OTARMA member.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 (the latest information available):

OTARMA Financial Data

As December 31, 2015 and 2014

Casualty & Property Coverage	2015	2014
Assets	37,313,311	35,970,263
Liabilities	<u>(8,418,518)</u>	<u>(8,912,432)</u>
Net Position – Unrestricted	28,894,793	27,057,831
# of members	989	957
Unpaid claims to be billed in the future	Approx \$7.7 million	Approx \$7.2 million