

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2010**





# Dave Yost • Auditor of State

Board of Trustees  
Miami Township  
6101 Meijer Drive  
Milford, Ohio 45150

We have reviewed the *Independent Auditors' Report* of Miami Township, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2010 through December 31, 2010. 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. Miami Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 29, 2011

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**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis .....	10
Statement of Activities – Modified Cash Basis.....	11
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balance – Governmental Funds.....	12
Reconciliation of Total Fund Balances of Governmental Funds to Total Net Assets of Governmental Activities .....	13
Statement of Modified Cash Basis Receipts, Disbursements, and Changes in Fund Balances - Governmental Funds .....	14
Reconciliation of the Net Change in Fund Balances of Governmental Funds to the Change in Net Assets of Governmental Activities.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police Fund .....	17
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Ambulance .....	18
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Safety Fund #1 .....	19
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Safety Fund #2 .....	20
Notes to the Financial Statements.....	21
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	39
Schedule of Findings.....	41
Schedule of Prior Audit Findings.....	43

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the Board of Trustees  
Miami Township, Clermont County

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Miami Township (the Township), Clermont County, Ohio, as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Clermont County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Police, Ambulance, Public Safety #1 and Public Safety #2 Funds for the year then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2011, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, 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.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 17, 2011

**Miami Township**  
Clermont County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of Miami Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010, within the limitations of the Township's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

- Net assets of the Township increased \$2,029,691, or 15 percent, from the prior year.
- The General Fund ended the year with a fund balance of \$2,121,045, an increase of \$518,049, or 32 percent, from the prior year.
- The Police Fund experienced a decrease in fund balance of \$1,184,415. The Ambulance Fund, Public Safety Fund #1 and Public Safety Fund #2 experienced increases of \$551,335, \$376,115 and \$805,251, respectively.
- The Township's receipts are primarily property taxes. These receipts represent \$15,013,754, or 64 percent of the total cash received for governmental activities during the year. Property tax receipts decreased by 5 percent during 2010 compared to 2009.

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

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

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

**Miami Township**  
Clermont County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2010, within the limitations of the modified cash basis accounting. The statement of net assets presents the pooled cash and investment balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the government's general receipts.

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

In the statement of net assets and the statement of activities, we report governmental activities which include basic services such as construction, maintenance and repair of Township roads, and the provision of police, fire, ambulance and other safety services and other government services.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted for a specific use is being spent for the intended purpose.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine

**Miami Township**  
 Clermont County, Ohio  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2010  
 Unaudited

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whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Police, Ambulance, Public Safety #1 and Public Safety #2 Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 on a modified cash basis.

(Table 1)

**Net Assets**

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Equity in Pooled Cash	\$ 15,510,638	\$ 13,480,947
Total Assets	\$ 15,510,638	\$ 13,480,947
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$ 13,389,593	\$ 11,877,951
Unrestricted	2,121,045	1,602,996
Total Net Assets	\$ 15,510,638	\$ 13,480,947

As mentioned previously, net assets of governmental activities increased \$2,029,691, or 15 percent, during 2010 as overall revenues of \$23,612,935 exceeded expenditures of \$21,583,244.

**Miami Township**  
Clermont County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

Tables 2 reflect the changes in net assets in 2010 compared to 2009 on a modified cash basis.

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

	Governmental Activities	
	2010	2009
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 3,609,650	\$ 2,906,937
Operating Grants and Contributions	2,790,365	2,424,115
Capital Grants and Contributions	-	24,353
Total Program Receipts	6,400,015	5,355,405
General Receipts:		
Property and Other Local Taxes	15,013,754	15,795,126
Cable Franchise Fees	528,361	348,798
Grants and Entitlements not Restricted to Specific Programs	1,144,002	684,689
Bonds Issued	-	900,000
Interest	33,326	51,733
Miscellaneous	493,477	390,213
Total General Receipts	17,212,920	18,170,559
Total Receipts	23,612,935	23,525,964
Disbursements:		
General Government	4,409,459	3,896,376
Public Safety	12,798,599	12,594,913
Public Works	2,373,392	2,952,267
Health	22,116	228,560
Conservation & Recreation	1,181,089	1,289,650
Capital Outlay	180,983	927,675
Debt Service:		
Principal Retirement	375,000	335,000
Interest and Fiscal Charges	242,606	222,091
Total Disbursements	21,583,244	22,446,532
Increase (Decrease) in Net Assets	2,029,691	1,079,432
Net Assets, January 1	13,480,947	12,401,515
Net Assets, December 31	\$ 15,510,638	\$ 13,480,947

Program receipts represent only 27 percent of total receipts and are primarily comprised of restricted

**Miami Township**  
 Clermont County, Ohio  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2010  
 Unaudited

intergovernmental receipts such as motor vehicle license and gas tax money, TIF and RID revenues and EMS receipts. General receipts represent 73 percent of the Township's total receipts, and of this amount approximately 87 percent are property taxes and other local taxes. Local government funds, hotel/motel occupancy tax, estate tax, miscellaneous receipts, and interest income make up the balance of the Township's general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include costs of counsel, Finance Officer, Trustees, as well as internal services such as payroll and purchasing. Public Safety costs are the costs of police, fire protection and EMS. Public Works represents the cost of maintaining roads. Conservation and Recreation represents the cost of maintaining parks and administering the recreation programs. Health costs are the costs of cemetery maintenance.

Overall, revenues increased by \$86,971 from 2009, largely due to increasing TIF and RID related project receipts and various public safety grants, offset by receipts from a bond issue during 2009. Expenditures decreased during 2010 by \$863,288 primarily from the result of lower public works expenditures and lower general government expenses. These decreases were offset by an increase in public safety expenses funded through various grants and programs.

**Governmental Activities**

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works, which account for 59 percent and 11 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 20 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that is being paid from money provided by local taxpayers. These net costs are paid from general receipts, which are presented at the bottom of the statement.

A comparison between the total cost of services and the net cost is presented in Table 3 for 2010 and 2009.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
General Government	\$ 4,409,459	\$ (930,854)	\$ 3,896,376	\$ (1,243,790)
Public Safety	12,798,599	(11,124,703)	12,594,913	(11,530,109)
Public Works	2,373,392	(1,501,727)	2,952,267	(1,714,725)
Health	22,116	16,426	228,560	(190,085)
Conservation-Recreation	1,181,089	(843,782)	1,289,650	(952,005)
Capital Outlay	180,983	(180,983)	927,675	(903,322)
Debt Service:				
Principal Retirement	375,000	(375,000)	335,000	(335,000)
Interest and Fiscal Charges	242,606	(242,606)	222,091	(222,091)
<b>Total Expenses</b>	<b>\$ 21,583,244</b>	<b>\$ (15,183,229)</b>	<b>\$ 22,446,532</b>	<b>\$ (17,091,127)</b>

**Miami Township**  
Clermont County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The dependence upon property tax receipts is apparent as approximately 70 and 76 percent of governmental activities are supported through these general receipts for 2010 and 2009 respectively.

**The Township's Funds**

Total governmental funds had receipts of \$23,518,035 and disbursements of \$21,583,244 (excluding other financing sources and uses). The General Fund had an increase in fund balance of \$518,049. The greatest changes in fund balances occurred in the Police Fund, which had a decrease in fund balance of \$1,184,415, and the Public Safety Fund #2, which had an increase in fund balance of \$805,251.

The General Fund receipts were greater than disbursements by \$518,049, compared to disbursements exceeding receipts by \$224,085 during 2009. The major cause for the change was that 2009 expenditures included items related to a \$900,000 bond issue that did not occur during 2010.

The Police Fund disbursements were greater than receipts by \$1,184,415, compared to \$233,473 during 2009, due to higher operating costs, while receipts remained relatively consistent from 2009.

The Public Safety Fund # 2 receipts were greater than disbursements by \$805,251, compared to \$231,824 during 2009. This fund saw an overall decrease in expenditures of \$621,812 from 2009 levels while tax receipts remained relatively consistent.

**General Fund Budgeting Highlights**

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

During 2010, the Township amended its General Fund budget several times to reflect changing circumstances. Final receipts (excluding other financing uses) were within \$262,505 of budgeted amounts.

Final disbursements (excluding other financing uses) were budgeted at \$3,811,472 while actual disbursements were \$2,037,654. Final budgeted appropriations were increased by \$152,576 from the original budget. Actual spending was \$1,773,818 less than appropriations. The final result, including other financing sources and uses, was an increase in the budget fund balance of \$517,699 for 2010.

**Capital Assets and Debt Administration**

***Capital Assets***

The Township has chosen not to report capital assets and infrastructure.

***Debt***

At December 31, 2010, the Township's outstanding debt included \$5,500,000 in notes and bonds issued for improvements to buildings and structures.

Additional information on the Township's debt can be found in Note 6 to the financial statements.

**Miami Township**  
Clermont County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Current Issues**

The greatest challenge of today for all governments is to provide quality services to its residents while staying within the limitations imposed by limited funding. In the case of Miami Township, the funding consists mainly of property taxes. Our challenge is to seek other sources of funding, such as government grants, to augment Township revenues. We are also challenged to make decisions about expenses that make the best use of resources. Toward this end, Miami Township is dedicated to providing the best services at the most reasonable cost.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Miami Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Eric Ferry, Finance Officer, Miami Township, 6101 Meijer Drive, Milford, Ohio 45150.

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2010*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 15,510,638</u>
<i>Total Assets</i>	<u><u>\$ 15,510,638</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 13,389,593
Unrestricted	<u>2,121,045</u>
<i>Total Net Assets</i>	<u><u>\$ 15,510,638</u></u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2010*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 4,409,459	\$ 3,197,254	\$ 281,351	\$ -	\$ (930,854)
Public Safety	12,798,599	144,986	1,528,910	-	(11,124,703)
Public Works	2,373,392	20,569	851,096	-	(1,501,727)
Health	22,116	38,542	-	-	16,426
Conservation-Recreation	1,181,089	208,299	129,008	-	(843,782)
Capital Outlay	180,983	-	-	-	(180,983)
Debt Service:					
Principal Retirement	375,000	-	-	-	(375,000)
Interest and Fiscal Charges	242,606	-	-	-	(242,606)
<i>Total Governmental Activities</i>	<u>\$ 21,583,244</u>	<u>\$ 3,609,650</u>	<u>\$ 2,790,365</u>	<u>\$ -</u>	<u>\$ (15,183,229)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
					841,237
					2,623,092
					2,026,536
					2,466,063
					3,233,424
					1,369,243
					1,053,727
					1,400,432
					528,361
					1,144,002
					33,326
					493,477
<i>Total General Receipts</i>					<u>17,212,920</u>
Change in Net Assets					2,029,691
<i>Net Assets Beginning of Year</i>					<u>13,480,947</u>
<i>Net Assets End of Year</i>					<u>\$ 15,510,638</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2010*

	General	Police	Ambulance	Public Safety #1	Public Safety #2	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Investments	\$2,121,045	\$ 967,202	\$1,679,822	\$2,690,252	\$3,186,290	\$ 4,866,027	\$15,510,638
<i>Total Assets</i>	<u>\$2,121,045</u>	<u>\$ 967,202</u>	<u>\$1,679,822</u>	<u>\$2,690,252</u>	<u>\$3,186,290</u>	<u>\$ 4,866,027</u>	<u>\$15,510,638</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$ 350	\$ -	\$ 4,697	\$ -	\$ -	\$ 158,294	\$ 163,341
Unreserved:							
Undesignated, Reported in:							
General Fund	2,120,695	-	-	-	-	-	2,120,695
Special Revenue Funds	-	967,202	1,675,125	2,690,252	3,186,290	4,707,733	13,226,602
<i>Total Fund Balances</i>	<u>\$2,121,045</u>	<u>\$ 967,202</u>	<u>\$1,679,822</u>	<u>\$2,690,252</u>	<u>\$3,186,290</u>	<u>\$ 4,866,027</u>	<u>\$15,510,638</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**

*Reconciliation of Total Fund Balances of Governmental Funds to  
Total Net Assets of Governmental Activities  
December 31, 2010*

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Total Fund Balances of Governmental Funds	<u>\$ 15,510,638</u>
Total Net Assets of Governmental Activities	<u><u>\$ 15,510,638</u></u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Modified Cash Basis Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Police	Ambulance	Public Safety #1	Public Safety #2	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 841,237	\$ 2,623,092	\$2,026,536	\$2,466,063	\$3,233,424	\$ 3,823,402	\$15,013,754
Intergovernmental	1,144,002	359,716	249,963	302,095	445,731	1,432,860	3,934,367
Special Assessments	13,729	-	-	-	-	257,109	270,838
Payments in Lieu of Taxes	-	-	-	-	-	3,151,739	3,151,739
Charges for Services	-	-	128,482	-	-	212,760	341,242
Licenses, Permits and Fees	528,361	-	-	-	-	56,400	584,761
Fines and Forfeitures	20,789	60	-	-	-	14,694	35,543
Interest	29,651	-	-	-	-	3,675	33,326
Other	24,726	21,204	13,632	-	-	92,903	152,465
<i>Total Receipts</i>	<u>2,602,495</u>	<u>3,004,072</u>	<u>2,418,613</u>	<u>2,768,158</u>	<u>3,679,155</u>	<u>9,045,542</u>	<u>23,518,035</u>
<b>Disbursements</b>							
Current:							
General Government	1,891,032	-	-	-	-	2,518,427	4,409,459
Public Safety	-	4,188,487	1,867,278	2,295,917	2,784,124	1,662,793	12,798,599
Public Works	-	-	-	-	-	2,373,392	2,373,392
Health	-	-	-	-	-	22,116	22,116
Conservation-Recreation	-	-	-	-	-	1,181,089	1,181,089
Capital Outlay	146,272	-	-	-	-	34,711	180,983
Debt Service:							
Principal Retirement	-	-	-	-	-	375,000	375,000
Interest and Fiscal Charges	-	-	-	-	-	242,606	242,606
<i>Total Disbursements</i>	<u>2,037,304</u>	<u>4,188,487</u>	<u>1,867,278</u>	<u>2,295,917</u>	<u>2,784,124</u>	<u>8,410,134</u>	<u>21,583,244</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>565,191</u>	<u>(1,184,415)</u>	<u>551,335</u>	<u>472,241</u>	<u>895,031</u>	<u>635,408</u>	<u>1,934,791</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds from Sale of Land	94,900	-	-	-	-	-	94,900
Transfers In	-	-	-	-	-	617,606	617,606
Transfers Out	(142,042)	-	-	(96,126)	(89,780)	(289,658)	(617,606)
<i>Total Other Financing Sources (Uses)</i>	<u>(47,142)</u>	<u>-</u>	<u>-</u>	<u>(96,126)</u>	<u>(89,780)</u>	<u>327,948</u>	<u>94,900</u>
<i>Net Change in Fund Balances</i>	<u>518,049</u>	<u>(1,184,415)</u>	<u>551,335</u>	<u>376,115</u>	<u>805,251</u>	<u>963,356</u>	<u>2,029,691</u>
<i>Fund Balances Beginning of Year</i>	<u>1,602,996</u>	<u>2,151,617</u>	<u>1,128,487</u>	<u>2,314,137</u>	<u>2,381,039</u>	<u>3,902,671</u>	<u>13,480,947</u>
<i>Fund Balances End of Year</i>	<u>\$2,121,045</u>	<u>\$ 967,202</u>	<u>\$1,679,822</u>	<u>\$2,690,252</u>	<u>\$3,186,290</u>	<u>\$ 4,866,027</u>	<u>\$15,510,638</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**

*Reconciliation of the Net Change in Fund Balances of Governmental Funds  
to the Change in Net Assets of Governmental Activities  
For the Fiscal Year Ended December 31, 2010*

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Net Change in Fund Balances of Governmental Funds	<u>\$ 2,029,691</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,029,691</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 771,975	\$ 771,975	\$ 841,237	\$ 69,262
Intergovernmental	992,125	1,136,000	1,144,002	8,002
Special Assessments	13,700	13,700	13,729	29
Licenses, Permits and Fees	492,200	492,200	528,361	36,161
Fines and Forfeitures	15,000	15,000	20,789	5,789
Interest	15,000	15,000	29,651	14,651
Other	-	421,125	24,726	(396,399)
<i>Total Receipts</i>	<u>2,300,000</u>	<u>2,865,000</u>	<u>2,602,495</u>	<u>(262,505)</u>
<b>Disbursements</b>				
Current:				
General Government	3,500,106	3,652,682	1,891,382	1,761,300
Capital Outlay	158,790	158,790	146,272	12,518
<i>Total Disbursements</i>	<u>3,658,896</u>	<u>3,811,472</u>	<u>2,037,654</u>	<u>1,773,818</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,358,896)</u>	<u>(946,472)</u>	<u>564,841</u>	<u>1,511,313</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Land	-	-	94,900	94,900
Transfers Out	(142,042)	(142,042)	(142,042)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(142,042)</u>	<u>(142,042)</u>	<u>(47,142)</u>	<u>94,900</u>
<i>Net Change in Fund Balance</i>	<u>(1,500,938)</u>	<u>(1,088,514)</u>	<u>517,699</u>	<u>1,606,213</u>
<i>Fund Balance Beginning of Year</i>	1,438,177	1,438,177	1,438,177	-
Prior Year Encumbrances Appropriated	164,819	164,819	164,819	-
<i>Fund Balance End of Year</i>	<u>\$ 102,058</u>	<u>\$ 514,482</u>	<u>\$ 2,120,695</u>	<u>\$ 1,606,213</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Police Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,436,720	\$ 2,436,720	\$ 2,623,092	\$ 186,372
Intergovernmental	294,000	294,000	359,716	65,716
Fines and Forfeitures	-	-	60	60
Other	619,280	272,280	21,204	(251,076)
<i>Total Receipts</i>	<u>3,350,000</u>	<u>3,003,000</u>	<u>3,004,072</u>	<u>1,072</u>
<b>Disbursements</b>				
Current:				
Public Safety	5,433,178	5,123,454	4,188,487	934,967
<i>Total Disbursements</i>	<u>5,433,178</u>	<u>5,123,454</u>	<u>4,188,487</u>	<u>934,967</u>
<i>Net Change in Fund Balance</i>	(2,083,178)	(2,120,454)	(1,184,415)	936,039
<i>Fund Balance Beginning of Year</i>	2,028,163	2,028,163	2,028,163	-
Prior Year Encumbrances Appropriated	123,454	123,454	123,454	-
<i>Fund Balance End of Year</i>	<u>\$ 68,439</u>	<u>\$ 31,163</u>	<u>\$ 967,202</u>	<u>\$ 936,039</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Ambulance Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,889,501	\$ 1,889,501	\$ 2,026,536	\$ 137,035
Intergovernmental	94,808	230,500	249,963	19,463
Charges for Services	45,137	110,000	128,482	18,482
Other	76,020	184,999	13,632	(171,367)
<i>Total Receipts</i>	<u>2,105,466</u>	<u>2,415,000</u>	<u>2,418,613</u>	<u>3,613</u>
<b>Disbursements</b>				
Current:				
Public Safety	2,768,245	3,283,071	1,871,975	1,411,096
<i>Total Disbursements</i>	<u>2,768,245</u>	<u>3,283,071</u>	<u>1,871,975</u>	<u>1,411,096</u>
<i>Net Change in Fund Balance</i>	(662,779)	(868,071)	546,638	1,414,709
<i>Fund Balance Beginning of Year</i>	933,766	933,766	933,766	-
Prior Year Encumbrances Appropriated	194,721	194,721	194,721	-
<i>Fund Balance End of Year</i>	<u>\$ 465,708</u>	<u>\$ 260,416</u>	<u>\$ 1,675,125</u>	<u>\$ 1,414,709</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Public Safety Fund #1*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,399,709	\$ 2,399,709	\$ 2,466,063	\$ 66,354
Intergovernmental	274,947	368,091	302,095	(65,996)
<i>Total Receipts</i>	<u>2,674,656</u>	<u>2,767,800</u>	<u>2,768,158</u>	<u>358</u>
<b>Disbursements</b>				
Current:				
Public Safety	4,583,964	4,819,306	2,295,917	2,523,389
<i>Total Disbursements</i>	<u>4,583,964</u>	<u>4,819,306</u>	<u>2,295,917</u>	<u>2,523,389</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,909,308)</u>	<u>(2,051,506)</u>	<u>472,241</u>	<u>2,523,747</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(96,403)	(96,403)	(96,126)	277
<i>Total Other Financing Sources (Uses)</i>	<u>(96,403)</u>	<u>(96,403)</u>	<u>(96,126)</u>	<u>277</u>
<i>Net Change in Fund Balance</i>	(2,005,711)	(2,147,909)	376,115	2,524,024
<i>Fund Balance Beginning of Year</i>	2,296,115	2,296,115	2,296,115	-
Prior Year Encumbrances Appropriated	18,022	18,022	18,022	-
<i>Fund Balance End of Year</i>	<u>\$ 308,426</u>	<u>\$ 166,228</u>	<u>\$ 2,690,252</u>	<u>\$ 2,524,024</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Public Safety Fund #2*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 3,340,753	\$ 3,340,753	\$ 3,233,424	\$ (107,329)
Intergovernmental	370,397	338,247	445,731	107,484
<i>Total Receipts</i>	<u>3,711,150</u>	<u>3,679,000</u>	<u>3,679,155</u>	<u>155</u>
<b>Disbursements</b>				
Current:				
Public Safety	4,965,298	5,996,242	2,784,124	3,212,118
<i>Total Disbursements</i>	<u>4,965,298</u>	<u>5,996,242</u>	<u>2,784,124</u>	<u>3,212,118</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,254,148)</u>	<u>(2,317,242)</u>	<u>895,031</u>	<u>3,212,273</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(96,829)	(96,829)	(89,780)	7,049
<i>Total Other Financing Sources (Uses)</i>	<u>(96,829)</u>	<u>(96,829)</u>	<u>(89,780)</u>	<u>7,049</u>
<i>Net Change in Fund Balance</i>	(1,350,977)	(2,414,071)	805,251	3,219,322
<i>Fund Balance Beginning of Year</i>	2,287,968	2,287,968	2,287,968	-
Prior Year Encumbrances Appropriated	93,071	93,071	93,071	-
<i>Fund Balance End of Year</i>	<u>\$ 1,030,062</u>	<u>\$ (33,032)</u>	<u>\$ 3,186,290</u>	<u>\$ 3,219,322</u>

See accompanying notes to the basic financial statements

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010**

**1. REPORTING ENTITY**

Miami Township, Clermont County, (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Finance Officer.

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

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides road and bridge maintenance, police protection, fire protection and emergency medical services.

B. Component Units

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; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on these criteria, the Township has no component units.

C. Public Entity Risk Pools

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 11 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2. C, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Township's accounting policies.

**MIAMI TOWNSHIP**  
**CLERMONT COUNTY, OHIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**  
**(continued)**

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. All activities of the Township are governmental activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township does not report any business-type activities.

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township function 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.

B. Fund Accounting

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

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

1. General Fund

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

2. Police Fund

This fund receives tax levy money for the operating expenses incurred by the police department for the Township.

3. Ambulance Fund

This fund receives tax levy money to provide emergency medical services to the Township.

4. Public Safety Fund #1

This fund receives tax levy money for operating expenses incurred by the fire/EMS and police departments. The monies are split with 57 percent going to fire/EMS operations and 43 percent to police operations.

5. Public Safety Fund #2

This fund receives tax levy money for operating expenses incurred by the fire/EMS and police departments. The monies are split evenly for fire/EMS and police operations.

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

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department and object level.

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

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

E. Cash and Investments

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".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 were \$29,651.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include special revenue funds. Those resources restricted for road and bridge repairs and maintenance, police and fire protection, and ambulance services were generated by levies. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

O. Interfund Transactions

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

P. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Inter-fund type eliminations have not been made in the aggregation of this data.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General, Police, Ambulance, Public Safety #1 and Public Safety #2 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is due to outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$350 for the General Fund and \$4,697 for the Ambulance Fund.

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,898,389 of the Township's bank balance of \$11,708,389 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2010, the Township had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in years)</u>	
		<u>Less than 1</u>	<u>1- 5</u>
FHLB Securities	\$1,000,000	\$1,000,000	\$ -
FHLMC Securities	1,000,000	-	1,000,000
FNMA Securities	<u>2,000,000</u>	-	<u>2,000,000</u>
Total investments	<u>\$4,000,000</u>	<u>\$1,000,000</u>	<u>\$3,000,000</u>

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

*Credit Risk* – Credit risk is the risk that an issue or other counterparty to an investment will not fulfill its obligations. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. The Township’s investments in FHLB, FHLMC and FNMA are all rated AAA by Standard & Poor’s and Moody’s.

*Concentration of Credit Risk* – The Township has no investment policy dealing with concentration of credit risk beyond the requirements in state statutes.

*Custodial Credit Risk* – 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. All of the Township’s securities are registered in the name of the Township. The Township has no investment policy dealing with investment custodial risk beyond the requirements in state statutes.

**5. PROPERTY TAX**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$26.01 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$1,055,459,290
Public Utility Property	18,437,630
Tangible Personal Property	823,137
Total Assessed Value	\$1,074,720,057

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

**6. DEBT**

For the year ended December 31, 2010, changes in the Township's debt was as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Payments and Deletions</u>	<u>Balance December 31, 2010</u>	<u>Amount Due Within One Year</u>
2001 General Obligation Fire Apparatus Notes	4.10%	\$ 130,000	\$ -	\$ 65,000	\$ 65,000	\$ 65,000
2003 Road Improvement Bonds	1.40-4.75%	800,000	-	50,000	750,000	50,000
2004 Various Purpose Limited Tax General Obligation Bonds	2.75-5.00%	2,985,000	-	90,000	2,895,000	100,000
2006 Various Purpose Limited Tax General Obligation Bonds	4.00%	850,000	-	100,000	750,000	100,000
2007 General Obligation Road Improvement Bonds	4.00-4.25%	230,000	-	25,000	205,000	25,000
2009 Various Purpose Limited Tax General Obligation Bonds	2.00-5.00%	<u>880,000</u>	<u>-</u>	<u>45,000</u>	<u>835,000</u>	<u>50,000</u>
		<u>\$5,875,000</u>	<u>\$ -</u>	<u>\$375,000</u>	<u>\$5,500,000</u>	<u>\$390,000</u>

The General Obligation Fire Apparatus Note, 2001, is for the purchase a fire aerial truck. The note will be repaid over ten years with a principal amount of \$32,500 paid biannually. The note is secured by a tax levy.

The Road Improvement Bonds, 2003 (a tax increment financing project), is for the purpose of improving the Township's public streets. The bonds will be repaid over twenty years. The bonds are collateralized by revenue submitted to the Township from Clermont County by the benefiting companies.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

The Various Purpose Limited Tax General Obligation Bonds, 2004, are for the purpose of acquiring and constructing improvements to a Township building for use by the Township and constructing road improvements, and paying permissible costs of issuance. Repayment of the bonds and interest is expected to be repaid from TIF revenues. The bonds carry interest rates from 2.75 percent to a maximum of 5.0 percent and are payable over 25 years.

The Various Purpose Limited Tax General Obligation Bonds, 2006, are for the purpose of certain Township road improvements (\$350,000) and for the purchase of 4 ambulances (\$700,000) for the Township's fire department. The bonds carry an interest rate of 4.00 percent and are payable over 10 years.

The Road Improvement General Obligation Bonds, 2007, are for the purpose of certain Township roadway and utility improvements along State Route 131. The bonds carry interest rates from 4.00 percent to 4.25 percent and are payable over 10 years.

The Various Purpose Limited Tax General Obligation Bonds, 2009, are for the purchase of a service building for the Township. The bonds carry interest rates from 2.00 percent to 5.00 percent and are payable over 15 years.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its valuation. The amortization of the above remaining debt, including interest, is scheduled as follows:

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

Year ending December 31:	2001 General Obligation Fire Apparatus Notes		2003 Road Improvement Bonds		2004 Various Purpose General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 65,000	\$ 1,999	\$ 50,000	\$ 32,640	\$ 100,000	\$ 122,034
2012	-	-	50,000	30,865	100,000	118,784
2013	-	-	50,000	28,990	105,000	115,409
2014	-	-	50,000	27,040	110,000	111,734
2015	-	-	50,000	25,040	115,000	107,746
2016-2020	-	-	295,000	90,485	665,000	454,390
2021-2025	-	-	205,000	19,713	845,000	295,005
2026-2029	-	-	-	-	855,000	96,018
Total	<u>\$ 65,000</u>	<u>\$ 1,999</u>	<u>\$ 750,000</u>	<u>\$ 254,773</u>	<u>\$ 2,895,000</u>	<u>\$ 1,421,120</u>

Year ending December 31:	2006 Various Purpose General Obligation Bonds		2007 General Obligation Road Improvement Bonds		2009 Various Purpose General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 100,000	\$ 30,000	\$ 25,000	\$ 8,569	\$ 50,000	\$ 34,287
2012	100,000	26,000	25,000	7,506	50,000	33,288
2013	110,000	22,000	25,000	6,444	50,000	32,287
2014	110,000	17,600	35,000	5,444	50,000	31,038
2015	110,000	13,200	35,000	4,000	50,000	29,787
2016-2020	220,000	13,200	60,000	3,787	295,000	117,038
2021-2025	-	-	-	-	290,000	37,500
2026-2029	-	-	-	-	-	-
Total	<u>\$ 750,000</u>	<u>\$ 122,000</u>	<u>\$ 205,000</u>	<u>\$ 35,750</u>	<u>\$ 835,000</u>	<u>\$ 315,225</u>

Year ending December 31:	Total	
	Principal	Interest
2011	\$ 390,000	\$ 229,529
2012	325,000	216,443
2013	340,000	205,130
2014	355,000	192,856
2015	360,000	179,773
2016-2020	1,535,000	678,900
2021-2025	1,340,000	352,218
2026-2029	855,000	96,018
Total	<u>\$ 5,500,000</u>	<u>\$ 2,150,867</u>

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

**7. INTERFUND TRANSFERS**

Transfers represent the (1) allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or (2) the transfers between various tax increment financing funds or funds that receive levy revenues to funds established for the retirement of related debt.

During 2010 the following transfers were made:

Transfers from the General Fund to:	
Debt Service	\$142,042
Transfer from Public Safety #1 to:	
Debt Service	96,126
Transfers from Public Safety #2 to:	
Debt Service	89,780
Transfers from Road and Bridge to:	
Debt Service	27,264
Transfers from Park Levy to:	
Debt Service	107,423
Transfers from TIF #1 to:	
Debt Service	84,290
Transfers from TIF #8 to:	
Debt Service	44,220
Transfers from RID #1 to:	
Debt Service	8,019
Transfers from RID #3 to:	
Debt Service	10,424
Transfers from RID #5 to:	
Debt Service	8,018
Total	<u>\$617,606</u>

Transfers from the General Fund were to provide for the payment of debt. Other transfers were to provide for the retirement of debt from applicable funds established to receive funds from levies or tax increment financing agreements.

**8. INTERFUND BALANCES**

Interfund balances as of December 31, 2010, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Road and Bridge Fund	\$ 25,000
Permissive Tax Fund	<u>135,000</u>
Total	<u>\$160,000</u>

The balances due to the General Fund represent loans made to provide working capital for operations in the funds receiving the advance.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

**9. DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

Plan Description – The Township participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy 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 statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10.0 percent of covered payroll and law enforcement members contributed 11.1 percent.

The Township's contribution rate for 2010 was 14.0 percent, except for those plan members in law enforcement, for whom the Township's contribution was 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions to the traditional and combined plans for the year ended December 31, 2010, 2009, and 2008 were \$1,057,986, \$830,357, and \$819,940, respectively; which were equal to the required contributions for each year.

Ohio Police and Fire Pension Fund

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered. The Township's contribution was 24 percent for firefighters. Contribution rates are established by State statute. The Township's contributions to OP&F for firefighters were \$863,142, \$756,416, and

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

\$785,759 for the years ended December 31, 2010, 2009, and 2008, respectively. All of the required contributions were paid within the respective years.

**10. POST-EMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care.

The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement. To qualify for post-employment health care coverage, age-and-service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in OPERS financial report which may be obtained 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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to the traditional and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14 percent of covered payroll (17.87 percent for law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2010, the amount of the employer contributions which was allocated to fund post-employment health care was 5.5 percent of covered payroll from January 1, 2010 through February 28, 2010, and 5.0 percent from March 1, 2010 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$415,630, \$326,206, and \$365,578, respectively. All of the required contributions were paid within the respective years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person.

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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 24 percent of covered payroll for police and fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 401(h).

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

The Township's contributions to OP&F which were allocated to fund post-employment health care benefits for firefighters were \$242,759, \$212,742, and \$220,995, for the year ended December 31, 2010, 2009, and 2008, respectively. All of the required contributions were paid within the respective year.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

**11. 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 Worker's Compensation.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, 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 the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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, 2009 and 2008 (the latest information available):

	<b>2009</b>	<b>2008</b>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 946 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$137,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010  
(continued)**

<u>Year</u>	<u>Contribution</u>
2008	\$132,078
2009	136,056
2010	127,876

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**12. COMPLIANCE**

Contrary to Ohio Revised Code, Section 5705.36 (A)(4), a reduced amended certificate of estimated resources was not obtained when actual resources were known to be less than those that had been previously estimated in one fund.

Contrary to Ohio Revised Code, Section 5705.39, appropriations exceeded estimated resources in four funds.

Contrary to Ohio Revised Code, Section 5705.41(B), expenditures exceeded appropriations in two funds.

# Bastin & Company, LLC

*Certified Public Accountants*

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Members of the Board of Trustees  
Miami Township, Clermont County

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Miami Township (the Township), Clermont County, Ohio as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated June 17, 2011, wherein we noted that the Township's financial statements follow the modified cash accounting basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2010-01.

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

This report is intended solely for the information and use of management, others within the entity, and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
June 17, 2011

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2010**

**Finding Number 2010-01 – Budgetary Compliance**

Ohio Revised Code Section 5705.36(A)(4) requires that when it is known that actual resources will be less than currently estimated resources, and the deficiency will reduce available resources below the current level of appropriation, an amended certificate of estimated resources should be obtained to reduce estimated resources available for appropriation. In addition, Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources available. Ohio Revised Code Section 5705.41(B) furthermore prohibits the expenditure of money unless it has been appropriated.

While the Township did not incur actual budgetary expenditures in excess of actual resources available, compliance with the above three requirements will provide assurance that actual budgetary expenditures will not exceed actual resources available.

The following items were noted that were not in compliance with the above applicable sections of the Ohio Revised Code.

1. The following fund had estimated resources available that exceeded actual resources available, and the deficiency reduced available resources below the current level of appropriation contrary to Ohio Revised Code Section 5705.36(A)(4):

<u>Fund</u>	<u>Actual Resources Available</u>	<u>Appropriations</u>	<u>Variance</u>
USDOJ COPS SOS Grant	\$190,924	\$196,136	(\$5,212)

2. The following funds had appropriations in excess of estimated resources available contrary to Ohio Revised Code Section 5705.39:

<u>Fund</u>	<u>Estimated Resources Available</u>	<u>Appropriations</u>	<u>Variance</u>
Road and Bridge	\$1,891,162	\$1,920,116	(\$28,954)
Lighting District	270,153	271,323	(1,170)
Park Levy	1,692,069	1,701,079	(9,010)
Public Safety #2	6,060,039	6,093,071	(33,032)

3. The following funds had actual budgetary expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B):

<u>Fund</u>	<u>Appropriations</u>	<u>Actual Budgetary Expenditures</u>	<u>Variance</u>
Dare Grant	\$29,000	\$29,877	(\$877)
USDOJ Grant	63,000	63,072	(72)

We recommend that management of the Township more closely monitor its budgetary compliance with the applicable sections of the Ohio Revised Code.

### **Township's Response**

- 1) For calendar year 2009, the Township did not record all receipts and expenditures to the proper accounts. In calendar year 2010, this finding was eliminated. This was corrected with the assistance of new people in the Fiscal Office and some much needed help from our software provider.
- 2) Even though both 2010 and 2009 had budgetary compliance issues, calendar year 2010 was vastly improved from calendar year 2009. The fact that we closed old purchase orders at the end of 2010, (and will continue this in future years), reduced the number of funds that were not in compliance for calendar year 2010. In order to eliminate this non compliance completely, the Township will pay closer attention to insure that our Appropriations and Certification of Resources provide the necessary levels for anticipated expenditures at year end.
- 3) The Township has also streamlined the budget process for calendar year 2011. This will simplify and make the budget process more transparent to those individuals who prepare the numbers.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2009-01	Adjustments and reclassifications to correct financial statements.	Yes	No significant adjustments were noted during the current audit period
2009-02	Budgetary compliance items noted for various conditions and funds	No	Applicable items for 2010 repeated as Finding No 2010-01



# Dave Yost • Auditor of State

**MIAMI TOWNSHIP**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 16, 2011**