



Dave Yost • Auditor of State

**MIAMI TOWNSHIP
CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miami Township
Clermont County
6101 Meijer Drive
Milford, Ohio 45150

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2011, 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund changes in modified cash financial position, thereof and the budgetary fund comparison for the General, Police, Ambulance, Fire, and Public Safety #1 funds thereof for the year then ended in conformity with the accounting basis Note 1 describes.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Miami Township, Clermont County, as of December 31, 2011, and its combined cash receipts and disbursements for the years ended on the accounting basis Note 1 describes.

As described in Note 3, during 2011 Miami Township adopted Governmental Accounting Standards Board Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 26, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standard*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2014

Miami Township
Clermont County, Ohio
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 16,587,717</u>
<i>Total Assets</i>	<u><u>\$ 16,587,717</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 13,987,318
Unrestricted	<u>2,600,399</u>
<i>Total Net Assets</i>	<u><u>\$ 16,587,717</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, 2011

	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
Governmental Activities					
General Government	\$ 4,179,380	\$ 3,647,814	\$ 26,584	\$ -	\$ (504,982)
Public Safety	13,208,041	112,606	1,440,362	-	(11,655,073)
Public Works	2,186,651	33,548	857,255	-	(1,295,848)
Health	28,080	46,585	-	-	18,505
Conservation-Recreation	1,129,159	218,880	128,950	-	(781,329)
Capital Outlay	733,993	-	-	-	(733,993)
Debt Service:					
Principal Retirement	390,000	-	-	-	(390,000)
Interest and Fiscal Charges	229,529	-	-	-	(229,529)
<i>Total Governmental Activities</i>	<u>\$ 22,084,833</u>	<u>\$ 4,059,433</u>	<u>\$ 2,453,151</u>	<u>\$ -</u>	<u>\$ (15,572,249)</u>
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			765,092
		Police			2,521,366
		Ambulance			1,951,823
		Public Safety #1			5,643,448
		Road and Bridge			1,337,796
		Parks			1,028,067
		Fire			1,347,117
		Cable Franchise Fees			451,997
		Grants and Entitlements not Restricted to Specific Programs			992,017
		Interest			124,411
		Miscellaneous			486,194
		<i>Total General Receipts</i>			<u>16,649,328</u>
		Change in Net Assets			1,077,079
		<i>Net Assets Beginning of Year</i>			<u>15,510,638</u>
		<i>Net Assets End of Year</i>			<u>\$ 16,587,717</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, 2011

	General	Police	Ambulance	Fire	Public Safety #1	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Investments	\$ 2,600,399	\$ -	\$ -	\$ 74,627	\$9,245,358	\$ 4,667,333	\$ 16,587,717
Total Assets	<u>\$ 2,600,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,627</u>	<u>\$ 9,245,358</u>	<u>\$ 4,667,333</u>	<u>\$ 16,587,717</u>
Fund Balances							
Restricted	-	-	-	74,627	9,245,358	4,667,333	13,987,318
Unassigned	2,600,399	-	-	-	-	-	2,600,399
Total Fund Balances	<u>\$ 2,600,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,627</u>	<u>\$ 9,245,358</u>	<u>\$ 4,667,333</u>	<u>\$ 16,587,717</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, 2011

Total Fund Balances of Governmental Funds	<u>\$ 16,587,717</u>
Total Net Assets of Governmental Activities	<u>\$ 16,587,717</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, 2011

	General	Police	Ambulance	Fire	Public Safety #1	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 765,092	\$2,521,366	\$1,951,823	\$1,347,117	\$5,643,448	\$ 2,365,863	\$14,594,709
Intergovernmental	992,017	295,704	231,911	161,810	747,487	1,017,059	3,445,988
Special Assessments	6,543	-	-	-	-	258,667	265,210
Payments in Lieu of Taxes	-	-	-	-	-	3,565,905	3,565,905
Charges for Services	-	-	109,220	-	-	265,269	374,489
Licenses, Permits and Fees	451,997	-	-	-	-	33,744	485,741
Fines and Forfeitures	42,118	-	-	-	-	2,566	44,684
Interest	124,411	-	-	-	-	-	124,411
Other	39,791	125,633	46,703	12,748	4,676	31,224	260,775
<i>Total Receipts</i>	<u>2,421,969</u>	<u>2,942,703</u>	<u>2,339,657</u>	<u>1,521,675</u>	<u>6,395,611</u>	<u>7,540,297</u>	<u>23,161,912</u>
Disbursements							
Current:							
General Government	1,767,663	-	-	-	-	2,411,717	4,179,380
Public Safety	-	3,909,905	4,019,479	2,346,922	2,870,954	60,781	13,208,041
Public Works	-	-	-	-	-	2,186,651	2,186,651
Health	-	-	-	-	-	28,080	28,080
Conservation-Recreation	-	-	-	-	-	1,129,159	1,129,159
Capital Outlay	63,935	-	-	-	-	670,058	733,993
Debt Service:							
Principal Retirement	-	-	-	-	-	390,000	390,000
Interest and Fiscal Charges	-	-	-	-	-	229,529	229,529
<i>Total Disbursements</i>	<u>1,831,598</u>	<u>3,909,905</u>	<u>4,019,479</u>	<u>2,346,922</u>	<u>2,870,954</u>	<u>7,105,975</u>	<u>22,084,833</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>590,371</u>	<u>(967,202)</u>	<u>(1,679,822)</u>	<u>(825,247)</u>	<u>3,524,657</u>	<u>434,322</u>	<u>1,077,079</u>
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	3,186,290	619,529	3,805,819
Transfers Out	(111,017)	-	-	-	(155,841)	(3,538,961)	(3,805,819)
<i>Total Other Financing Sources (Uses)</i>	<u>(111,017)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,030,449</u>	<u>(2,919,432)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>479,354</u>	<u>(967,202)</u>	<u>(1,679,822)</u>	<u>(825,247)</u>	<u>6,555,106</u>	<u>(2,485,110)</u>	<u>1,077,079</u>
<i>Fund Balances Beginning of Year</i>	<u>2,121,045</u>	<u>967,202</u>	<u>1,679,822</u>	<u>899,874</u>	<u>2,690,252</u>	<u>7,152,443</u>	<u>15,510,638</u>
<i>Fund Balances End of Year</i>	<u>\$2,600,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,627</u>	<u>\$9,245,358</u>	<u>\$ 4,667,333</u>	<u>\$16,587,717</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, 2011*

Net Change in Fund Balances of Governmental Funds	<u>\$ 1,077,079</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,077,079</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 771,317	\$ 769,371	\$ 765,092	\$ (4,279)
Intergovernmental	553,720	822,000	992,017	170,017
Special Assessments	-	-	6,543	6,543
Licenses, Permits and Fees	313,236	465,000	451,997	(13,003)
Fines and Forfeitures	14,820	22,000	42,118	20,118
Interest	60,626	90,000	124,411	34,411
Other	229,800	341,139	39,791	(301,348)
<i>Total Receipts</i>	<u>1,943,519</u>	<u>2,509,510</u>	<u>2,421,969</u>	<u>(87,541)</u>
Disbursements				
Current:				
General Government	4,333,976	4,333,976	1,767,663	2,566,313
Capital Outlay	183,000	183,000	63,935	119,065
<i>Total Disbursements</i>	<u>4,516,976</u>	<u>4,516,976</u>	<u>1,831,598</u>	<u>2,685,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,573,457)</u>	<u>(2,007,466)</u>	<u>590,371</u>	<u>2,597,837</u>
Other Financing Sources (Uses)				
Transfers Out	(111,017)	(111,017)	(111,017)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(111,017)</u>	<u>(111,017)</u>	<u>(111,017)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(2,684,474)	(2,118,483)	479,354	2,597,837
<i>Fund Balance Beginning of Year</i>	2,120,695	2,120,695	2,120,695	-
Prior Year Encumbrances Appropriated	350	350	350	-
<i>Fund Balance End of Year</i>	<u>\$ (563,429)</u>	<u>\$ 2,562</u>	<u>\$ 2,600,399</u>	<u>\$ 2,597,837</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,431,288	\$ 2,451,590	\$ 2,521,366	\$ 69,776
Intergovernmental	314,500	245,800	295,704	49,904
Other	<u>3,555,057</u>	<u>2,778,610</u>	<u>125,633</u>	<u>(2,652,977)</u>
<i>Total Receipts</i>	<u>6,300,845</u>	<u>5,476,000</u>	<u>2,942,703</u>	<u>(2,533,297)</u>
Disbursements				
Current:				
Public Safety	<u>6,276,511</u>	<u>6,276,511</u>	<u>3,909,905</u>	<u>2,366,606</u>
<i>Total Disbursements</i>	<u>6,276,511</u>	<u>6,276,511</u>	<u>3,909,905</u>	<u>2,366,606</u>
<i>Net Change in Fund Balance</i>	24,334	(800,511)	(967,202)	(166,691)
<i>Fund Balance Beginning of Year</i>	967,202	967,202	967,202	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 991,536</u>	<u>\$ 166,691</u>	<u>\$ -</u>	<u>\$ (166,691)</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
Ambulance Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,885,468	\$ 1,900,764	\$ 1,951,823	\$ 51,059
Intergovernmental	317,460	192,700	231,911	39,211
Charges for Services	198,000	120,000	109,220	(10,780)
Other	1,906,332	1,157,336	46,703	(1,110,633)
<i>Total Receipts</i>	<u>4,307,260</u>	<u>3,370,800</u>	<u>2,339,657</u>	<u>(1,031,143)</u>
Disbursements				
Current:				
Public Safety	4,969,859	4,969,859	4,019,479	950,380
<i>Total Disbursements</i>	<u>4,969,859</u>	<u>4,969,859</u>	<u>4,019,479</u>	<u>950,380</u>
<i>Net Change in Fund Balance</i>	(662,599)	(1,599,059)	(1,679,822)	(80,763)
<i>Fund Balance Beginning of Year</i>	1,675,125	1,675,125	1,675,125	-
Prior Year Encumbrances Appropriated	4,697	4,697	4,697	-
<i>Fund Balance End of Year</i>	<u>\$ 1,017,223</u>	<u>\$ 80,763</u>	<u>\$ -</u>	<u>\$ (80,763)</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
Fire Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,300,792	\$ 1,311,323	\$ 1,347,117	\$ 35,794
Intergovernmental	507,848	134,500	161,810	27,310
Other	1,876,124	496,877	12,748	(484,129)
<i>Total Receipts</i>	<u>3,684,764</u>	<u>1,942,700</u>	<u>1,521,675</u>	<u>(421,025)</u>
Disbursements				
Current:				
Public Safety	2,794,465	2,794,465	2,346,922	447,543
<i>Total Disbursements</i>	<u>2,794,465</u>	<u>2,794,465</u>	<u>2,346,922</u>	<u>447,543</u>
<i>Net Change in Fund Balance</i>	890,299	(851,765)	(825,247)	26,518
<i>Fund Balance Beginning of Year</i>	899,729	899,729	899,729	-
Prior Year Encumbrances Appropriated	145	145	145	-
<i>Fund Balance End of Year</i>	<u>\$ 1,790,173</u>	<u>\$ 48,109</u>	<u>\$ 74,627</u>	<u>\$ 26,518</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 2,396,820	\$ 2,401,632	\$ 5,643,448	\$ 3,241,816
Intergovernmental	385,486	362,568	747,487	384,919
Other	-	-	4,676	4,676
<i>Total Receipts</i>	<u>2,782,306</u>	<u>2,764,200</u>	<u>6,395,611</u>	<u>3,631,411</u>
Disbursements				
Current:				
Public Safety	5,298,159	5,298,159	2,870,954	2,427,205
<i>Total Disbursements</i>	<u>5,298,159</u>	<u>5,298,159</u>	<u>2,870,954</u>	<u>2,427,205</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,515,853)</u>	<u>(2,533,959)</u>	<u>3,524,657</u>	<u>6,058,616</u>
Other Financing Sources (Uses)				
Transfers In	-	-	3,186,290	3,186,290
Transfers Out	(155,841)	(155,841)	(155,841)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(155,841)</u>	<u>(155,841)</u>	<u>3,030,449</u>	<u>3,186,290</u>
<i>Net Change in Fund Balance</i>	(2,671,694)	(2,689,800)	6,555,106	9,244,906
<i>Fund Balance Beginning of Year</i>	2,690,252	2,690,252	2,690,252	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 18,558</u>	<u>\$ 452</u>	<u>\$ 9,245,358</u>	<u>\$ 9,244,906</u>

See accompanying notes to the basic financial statements

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**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 13 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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Fire Fund

This fund receives tax levy money for the operating expenses incurred by the fire/EMS department for the Township.

5. Public Safety Fund #1

This fund receives tax levy money for operating expenses incurred by the fire/EMS and police departments.

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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2011 were \$124,411.

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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 11 and 12, 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

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Township Board of Trustees.

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

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.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

3. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year 2011, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 54 which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The implementation of this statement did not result in a restatement of the Township's financial statements.

4. 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, Fire and Public Safety #1 funds 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). There were no encumbrances outstanding at year end for any of these funds.

5. FUND BALANCES

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Fund</u>	<u>Public Safety#1 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:					
Public Safety	\$ -	\$74,627	\$9,245,358	\$ 92,632	\$ 9,412,617
Public Works	-	-	-	1,326,553	1,326,553
Cemetery	-	-	-	61,809	61,809
Recreation Programs	-	-	-	491,868	491,868
TIF/RID Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,694,471</u>	<u>2,694,471</u>
Total Restricted	<u>-</u>	<u>74,627</u>	<u>9,245,358</u>	<u>4,667,333</u>	<u>13,987,318</u>
Unassigned	<u>2,600,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,600,399</u>
Total Fund Balances	<u>\$2,600,399</u>	<u>\$74,627</u>	<u>\$9,245,358</u>	<u>\$4,667,333</u>	<u>\$16,587,717</u>

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

6. 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.

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).

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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, \$2,195,046 of the Township's bank balance of \$8,685,046 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.

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, 2011, 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>
FFCB Securities	\$4,000,000	\$ -	\$4,000,000
FHLB Securities	2,000,000	-	2,000,000
FHLMC Securities	1,000,000	-	1,000,000
FNMA Securities	<u>1,000,000</u>	-	<u>1,000,000</u>
Total investments	<u>\$8,000,000</u>	<u>\$ -</u>	<u>\$8,000,000</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 FFCB, FHLB, FHLMC and FNMA are all rated AA+ by Standard & Poor's and AAA by Moody's.

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

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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.

7. 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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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.

Public utility property tax receipts received in 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2010, were levied after October 1, 2010, 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 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of December 31, 2010. 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, 2011, was \$26.01 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2011 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$1,050,967,200
Public Utility Property	<u>20,273,860</u>
Total Assessed Value	<u>\$1,071,241,060</u>

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

8. DEBT

For the year ended December 31, 2011, changes in the Township's debt were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Payments and Deletions</u>	<u>Balance December 31, 2011</u>	<u>Amount Due Within One Year</u>
2001 General Obligation Fire Apparatus Notes	4.10%	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
2003 Road Improvement Bonds	1.40-4.75%	750,000	-	50,000	700,000	50,000
2004 Various Purpose Limited Tax General Obligation Bonds	2.75-5.00%	2,895,000	-	100,000	2,795,000	100,000
2006 Various Purpose Limited Tax General Obligation Bonds	4.00%	750,000	-	100,000	650,000	100,000
2007 General Obligation Road Improvement Bonds	4.00-4.25%	205,000	-	25,000	180,000	25,000
2009 Various Purpose Limited Tax General Obligation Bonds	2.00-5.00%	<u>835,000</u>	<u>-</u>	<u>50,000</u>	<u>785,000</u>	<u>50,000</u>
		<u>\$5,500,000</u>	<u>\$ -</u>	<u>\$390,000</u>	<u>\$5,110,000</u>	<u>\$325,000</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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

8. DEBT (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 effects of the debt limitations at December 31, 2011 were an overall debt margin of \$58,918,258 and an unvoted debt margin of \$112,480,311.

The amortization of the above remaining debt, including interest, is scheduled as follows:

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

8. DEBT (Continued)

Year ending December 31:	2003 Road Improvement Bonds		2004 Various Purpose General Obligation Bonds		2006 Various Purpose General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 50,000	\$ 30,865	\$ 100,000	\$ 118,784	\$ 100,000	\$ 26,000
2013	50,000	28,990	105,000	115,409	110,000	22,000
2014	50,000	27,040	110,000	111,734	110,000	17,600
2015	50,000	25,040	115,000	107,746	110,000	13,200
2016	55,000	22,990	120,000	103,578	110,000	8,800
2017-2021	305,000	77,233	695,000	422,735	110,000	4,400
2022-2026	140,000	9,975	890,000	260,302	-	-
2027-2029	-	-	660,000	58,798	-	-
Total	\$ 700,000	\$ 222,133	\$ 2,795,000	\$ 1,299,086	\$ 650,000	\$ 92,000

Year ending December 31:	2007 General Obligation Road Improvement Bonds		2009 Various Purpose General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 25,000	\$ 7,506	\$ 50,000	\$ 33,288	\$ 325,000	\$ 216,443
2013	25,000	6,444	50,000	32,287	340,000	205,130
2014	35,000	5,444	50,000	31,038	355,000	192,856
2015	35,000	4,000	50,000	29,787	360,000	179,773
2016	30,000	2,512	55,000	28,287	370,000	166,167
2017-2021	30,000	1,275	305,000	103,250	1,445,000	608,893
2022-2026	-	-	225,000	23,000	1,255,000	293,277
2027-2029	-	-	-	-	660,000	58,798
Total	\$ 180,000	\$ 27,181	\$ 785,000	\$ 280,937	\$ 5,110,000	\$ 1,921,337

9. 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 2011 the following transfers were made:

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

9. INTERFUND TRANSFERS (Continued)

Transfers from the General Fund to:	
Debt Service	\$111,017
Transfer from Public Safety #1 to:	
Debt Service	155,841
Transfers from Road and Bridge to:	
Debt Service	28,657
Transfers from Park Levy to:	
Debt Service	111,017
Transfers from TIF #1 to:	
Debt Service	82,640
Transfers from TIF #8 to:	
Debt Service	52,564
Transfers from RID #1 to:	
Debt Service	46,029
Transfers from RID #3 to:	
Debt Service	2,229
Transfers from RID #5 to:	
Debt Service	1,715
Transfers from RID #10 to:	
Debt Service	27,820
Transfers from Public Safety #2 to:	
Public Safety #1	3,186,290
Total	<u>\$3,805,819</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. The transfer from the Public Safety #2 Fund to the Public Safety #1 Fund was to close out and consolidate funds that served similar purposes.

10. INTERFUND BALANCES

Interfund balances as of December 31, 2011, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Road and Bridge Fund	\$ 25,000
Permissive Tax Fund	135,000
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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

11. 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, 2011, members in state and local classifications contributed 10.0 percent of covered payroll and law enforcement members contributed 11.6 percent.

The Township's contribution rate for 2011 was 14.0 percent, except for those plan members in law enforcement, for whom the Township's contribution was 18.10 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, 2011, 2010, and 2009 were \$868,412, \$1,057,986, and \$830,357, 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 \$806,993, \$863,142, and \$756,416 for the years ended December 31, 2011, 2010, and 2009, respectively. All of the required contributions were paid within the respective years.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

12. 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 2011, state and local employers contributed at a rate of 14 percent of covered payroll (18.10 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 2011, the amount of the employer contributions which was allocated to fund post-employment health care was 4 percent of covered payroll.

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, 2011, 2010, and 2009 were \$216,426, \$415,630, and \$326,206, 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.

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.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

12. POST-EMPLOYMENT BENEFITS (Continued)

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, 2011, 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 \$226,967, \$242,759, and \$212,742, for the year ended December 31, 2011, 2010, and 2009, respectively. All of the required contributions were paid within the respective year.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

13. 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, 2010, 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, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$88,000.

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**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011
(Continued)**

13. RISK MANAGEMENT (Continued)

<u>Year</u>	<u>Contribution</u>
2009	\$136,056
2010	127,876
2011	118,190

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.

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Dave Yost • Auditor of State

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

Miami Township
Clermont County
6101 Meijer Drive
Milford, Ohio 45150

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Clermont County, (the Township) as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 26, 2014. wherein we noted that the Township reported on a basis other than generally accepted accounting principles and in 2011 adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 26, 2014

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Budgetary Non-compliance – ORC 5705.36(A)(4), 5705.39, and 5705.41(B)	Yes	

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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
JULY 10, 2014**