

428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569



Certified Public Accountants, A.C.

**MIAMI TOWNSHIP  
CLERMONT COUNTY  
Regular Audit  
For the Year Ended December 31, 2013**

[www.perrycpas.com](http://www.perrycpas.com)

*...“bringing more to the table”*

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Miami Township  
6101 Meijer Dr  
Milford, OH 45150

We have reviewed the *Independent Auditor's Report* of Miami Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2013. 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

November 23, 2015

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**MIAMI TOWNSHIP  
CLERMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis .....	3
Statement of Activities – Modified Cash Basis.....	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds.....	5
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis .....	6
Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds.....	7
Reconciliation of the Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis.....	8
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund .....	9
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police Fund .....	10
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Ambulance Fund .....	11
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Safety #1 Fund .....	12
Notes to the Financial Statements.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	30

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## INDEPENDENT AUDITOR'S REPORT

August 31, 2015

Miami Township  
Clermont County  
6101 Meijer Dr.  
Milford, OH 45150

To the Board of Trustees:

### ***Report on the Financial Statements***

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, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.



...***"bringing more to the table"***...

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***Auditor's Responsibility (Continued)***

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

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 information of Miami Township, Clermont County, Ohio, as of December 31, 2013, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Police, Ambulance and Public Safety #1 Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2013*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 18,419,598</u>
<i>Total Assets</i>	<u><u>\$ 18,419,598</u></u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	\$ 15,060,035
Unrestricted	<u>3,359,563</u>
<i>Total Net Position</i>	<u><u>\$ 18,419,598</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, 2013*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 4,221,458	\$ 3,888,174	\$ 121,270	\$ (212,014)
Public Safety	14,463,667	132,619	1,475,640	(12,855,408)
Public Works	2,258,423	18,156	855,140	(1,385,127)
Health	30,481	43,375	-	12,894
Conservation-Recreation	1,062,377	212,689	132,414	(717,274)
Capital Outlay	365,845	-	-	(365,845)
Debt Service:				
Principal Retirement	470,000	-	-	(470,000)
Interest and Fiscal Charges	196,123	-	-	(196,123)
<b>Total Governmental Activities</b>	<b>\$ 23,068,374</b>	<b>\$ 4,295,013</b>	<b>\$ 2,584,464</b>	<b>(16,188,897)</b>
		<b>General Receipts</b>		
		Property Taxes Levied for:		
		General Purposes	685,553	
		Police	2,440,735	
		Ambulance	1,891,184	
		Public Safety #1	5,514,660	
		Road and Bridge	1,199,714	
		Parks	982,420	
		Fire	1,304,454	
		Cable Franchise Fees	451,578	
		Grants and Entitlements not Restricted to Specific Programs	507,450	
		Interest	123,361	
		Miscellaneous	1,249,964	
		<b>Total General Receipts</b>	<b>16,351,073</b>	
		Change in Net Position		162,176
		<i>Net Position Beginning of Year</i>		<u>18,257,422</u>
		<i>Net Position End of Year</i>		<u>\$ 18,419,598</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2013*

	General	Police	Ambulance	Public Safety #1	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 3,359,563	\$ 128,597	\$ 5,754	\$8,890,629	\$ 6,035,055	\$ 18,419,598
<b>Total Assets</b>	<u>\$ 3,359,563</u>	<u>\$ 128,597</u>	<u>\$ 5,754</u>	<u>\$ 8,890,629</u>	<u>\$ 6,035,055</u>	<u>\$ 18,419,598</u>
<b>Fund Balances</b>						
Restricted	\$ -	\$ 128,597	\$ 5,754	\$8,890,629	\$ 6,035,055	\$ 15,060,035
Unassigned	3,359,563	-	-	-	-	3,359,563
<b>Total Fund Balances</b>	<u>\$ 3,359,563</u>	<u>\$ 128,597</u>	<u>\$ 5,754</u>	<u>\$ 8,890,629</u>	<u>\$ 6,035,055</u>	<u>\$ 18,419,598</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities - Modified Cash Basis*  
*December 31, 2013*

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Total Governmental Fund Balances	<u>\$ 18,419,598</u>
Net Position of Governmental Activities	<u>\$ 18,419,598</u>

See accompanying notes to the basic financial statements

**Miami Township**  
**Clermont County, Ohio**  
*Statement of Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Police	Ambulance	Public Safety #1	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 685,553	\$ 2,440,735	\$ 1,891,184	\$ 5,514,660	\$ 3,486,588	\$ 14,018,720
Intergovernmental	507,450	303,701	238,182	767,578	1,275,003	3,091,914
Special Assessments	13,672	-	-	-	261,966	275,638
Payments in Lieu of Taxes	-	-	-	-	3,790,454	3,790,454
Charges for Services	-	-	-	-	393,043	393,043
Licenses, Permits and Fees	451,578	-	-	-	-	451,578
Fines and Forfeitures	52,026	-	-	-	13,796	65,822
Interest	123,361	-	-	-	-	123,361
Other	45,694	169,574	1,044	462,735	340,973	1,020,020
<i>Total Receipts</i>	<u>1,879,334</u>	<u>2,914,010</u>	<u>2,130,410</u>	<u>6,744,973</u>	<u>9,561,823</u>	<u>23,230,550</u>
<b>Disbursements</b>						
Current:						
General Government	1,507,796	-	-	-	2,713,662	4,221,458
Public Safety	-	2,888,943	2,245,000	7,420,183	1,909,541	14,463,667
Public Works	-	-	-	-	2,258,423	2,258,423
Health	-	-	-	-	30,481	30,481
Conservation-Recreation	-	-	-	-	1,062,377	1,062,377
Capital Outlay	28,387	-	-	-	337,458	365,845
Debt Service:						
Principal Retirement	-	-	-	-	470,000	470,000
Interest and Fiscal Charges	-	-	-	-	196,123	196,123
<i>Total Disbursements</i>	<u>1,536,183</u>	<u>2,888,943</u>	<u>2,245,000</u>	<u>7,420,183</u>	<u>8,978,065</u>	<u>23,068,374</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>343,151</u>	<u>25,067</u>	<u>(114,590)</u>	<u>(675,210)</u>	<u>583,758</u>	<u>162,176</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	-	-	666,650	666,650
Transfers Out	(69,600)	-	-	(88,500)	(508,550)	(666,650)
<i>Total Other Financing Sources (Uses)</i>	<u>(69,600)</u>	<u>-</u>	<u>-</u>	<u>(88,500)</u>	<u>158,100</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	273,551	25,067	(114,590)	(763,710)	741,858	162,176
<i>Fund Balances Beginning of Year</i>	<u>3,086,012</u>	<u>103,530</u>	<u>120,344</u>	<u>9,654,339</u>	<u>5,293,197</u>	<u>18,257,422</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,359,563</u>	<u>\$ 128,597</u>	<u>\$ 5,754</u>	<u>\$ 8,890,629</u>	<u>\$ 6,035,055</u>	<u>\$ 18,419,598</u>

See accompanying notes to the basic financial statements

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

*Reconciliation of the Statement of Receipts, Disbursements, and Changes  
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended December 31, 2013*

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Net Change in Fund Balances - Total Governmental Funds	<u>\$ 162,176</u>
Change in Net Position of Governmental Activities	<u>\$ 162,176</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, 2013*

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 685,000	\$ 697,472	\$ 685,553	\$ (11,919)
Intergovernmental	361,000	496,869	507,450	10,581
Special Assessments	14,000	14,000	13,672	(328)
Licenses, Permits and Fees	484,000	451,578	451,578	-
Fines and Forfeitures	36,000	44,000	52,026	8,026
Interest	100,000	122,000	123,361	1,361
Other	30,000	30,000	45,694	15,694
<i>Total Receipts</i>	<u>1,710,000</u>	<u>1,855,919</u>	<u>1,879,334</u>	<u>23,415</u>
<b>Disbursements</b>				
Current:				
General Government	1,627,600	1,677,600	1,507,796	169,804
Capital Outlay	105,000	55,000	28,387	26,613
<i>Total Disbursements</i>	<u>1,732,600</u>	<u>1,732,600</u>	<u>1,536,183</u>	<u>196,417</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,600)</u>	<u>123,319</u>	<u>343,151</u>	<u>219,832</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(69,600)	(69,600)	(69,600)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(69,600)</u>	<u>(69,600)</u>	<u>(69,600)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(92,200)	53,719	273,551	219,832
<i>Fund Balance Beginning of Year</i>	<u>3,086,012</u>	<u>3,086,012</u>	<u>3,086,012</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,993,812</u>	<u>\$ 3,139,731</u>	<u>\$ 3,359,563</u>	<u>\$ 219,832</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,422,000	\$ 2,470,636	\$ 2,440,735	\$ (29,901)
Intergovernmental	301,000	303,000	303,701	701
Other	115,000	28,404	169,574	141,170
<i>Total Receipts</i>	<u>2,838,000</u>	<u>2,802,040</u>	<u>2,914,010</u>	<u>111,970</u>
<b>Disbursements</b>				
Current:				
Public Safety	3,006,970	3,017,500	2,888,943	128,557
<i>Total Disbursements</i>	<u>3,006,970</u>	<u>3,017,500</u>	<u>2,888,943</u>	<u>128,557</u>
<i>Net Change in Fund Balance</i>	(168,970)	(215,460)	25,067	240,527
<i>Fund Balance Beginning of Year</i>	<u>103,530</u>	<u>103,530</u>	<u>103,530</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (65,440)</u>	<u>\$ (111,930)</u>	<u>\$ 128,597</u>	<u>\$ 240,527</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, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 1,877,000	\$ 1,915,120	\$ 1,891,184	\$ (23,936)
Intergovernmental	236,000	215,290	238,182	22,892
Other	-	-	1,044	1,044
<i>Total Receipts</i>	<u>2,113,000</u>	<u>2,130,410</u>	<u>2,130,410</u>	<u>-</u>
<b>Disbursements</b>				
Current:				
Public Safety	2,230,000	2,245,000	2,245,000	-
<i>Total Disbursements</i>	<u>2,230,000</u>	<u>2,245,000</u>	<u>2,245,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(117,000)	(114,590)	(114,590)	-
<i>Fund Balance Beginning of Year</i>	<u>120,344</u>	<u>120,344</u>	<u>120,344</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,344</u>	<u>\$ 5,754</u>	<u>\$ 5,754</u>	<u>\$ -</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 #1 Fund*  
*For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 5,496,000	\$ 5,604,655	\$ 5,514,660	\$ (89,995)
Intergovernmental	759,000	677,615	767,578	89,963
Other	10,000	462,000	462,735	735
<i>Total Receipts</i>	<u>6,265,000</u>	<u>6,744,270</u>	<u>6,744,973</u>	<u>703</u>
<b>Disbursements</b>				
Current:				
Public Safety	9,320,880	9,103,610	7,420,183	1,683,427
<i>Total Disbursements</i>	<u>9,320,880</u>	<u>9,103,610</u>	<u>7,420,183</u>	<u>1,683,427</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,055,880)</u>	<u>(2,359,340)</u>	<u>(675,210)</u>	<u>1,684,130</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(88,500)	(88,500)	(88,500)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(88,500)</u>	<u>(88,500)</u>	<u>(88,500)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(3,144,380)	(2,447,840)	(763,710)	1,684,130
<i>Fund Balance Beginning of Year</i>	<u>9,654,339</u>	<u>9,654,339</u>	<u>9,654,339</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 6,509,959</u></u>	<u><u>\$ 7,206,499</u></u>	<u><u>\$ 8,890,629</u></u>	<u><u>\$ 1,684,130</u></u>

See accompanying notes to the basic financial statements

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**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 Township Fiscal 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 12 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 the Basis of Accounting section of this Note, 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 THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. 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 position presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that 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 modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

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.

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.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Fund Accounting (Continued)

Governmental Funds (Continued)

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 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.

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 for all funds.

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.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Budgetary Process (Continued)

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".

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

During 2013, the Township invested in nonnegotiable certificates of deposit and U.S. Government Agencies. The nonnegotiable certificates of deposit and the U.S. Government Agencies are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 were \$123,361, which includes \$101,686 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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.

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.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Position

Net position is 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 position restricted for other purposes include resources restricted for 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 positions 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 are 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 interfund loans.

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Fund Balance (Continued)

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

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

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.

**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 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 restricted, committed or assigned fund balance (modified cash basis). There were no encumbrances outstanding at year end for any of these funds.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**4. 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>Police Fund</u>	<u>Ambulance Fund</u>	<u>Public Safety #1 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:						
Public Safety	\$ -	\$128,597	\$ 5,754	\$8,890,629	\$ 274,894	\$ 9,299,874
Debt Service	-	-	-	-	531	531
Public Works	-	-	-	-	1,834,506	1,834,506
Cemetery	-	-	-	-	95,370	95,370
Recreation Programs	-	-	-	-	787,871	787,871
TIF/RID Projects	-	-	-	-	<u>3,041,883</u>	<u>3,041,883</u>
Total Restricted	<u>-</u>	<u>128,597</u>	<u>5,754</u>	<u>8,890,629</u>	<u>6,035,055</u>	<u>15,060,035</u>
Unassigned	<u>3,359,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,359,563</u>
Total Fund Balances	<u>\$3,359,563</u>	<u>\$128,597</u>	<u>\$ 5,754</u>	<u>\$8,890,629</u>	<u>\$6,035,055</u>	<u>\$18,419,598</u>

**5. 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;

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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, \$5,111,997 of the Township's bank balance of \$9,697,274 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.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

As of December 31, 2013, the Township had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturities</u>
FNMA Securities	<u>\$8,993,750</u>	3-5 years
Total investments	<u>\$8,993,750</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 issuer 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 FNMA are 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.

*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.

**6. PROPERTY TAX**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**6. PROPERTY TAX (Continued)**

The full tax rate for all Township operations for the year ended December 31, 2013, was \$26.01 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$949,104,630
Public Utility Property	22,816,470
Total Assessed Value	\$971,921,100

**7. DEBT**

For the year ended December 31, 2013, changes in the Township's debt were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2013</u>	<u>Amount Due Within One Year</u>
2003 Road Improvement Bonds	1.40-4.75%	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
2004 Various Purpose General Obligation Bonds	2.75-5.00%	330,000	-	105,000	225,000	110,000
2006 Various Purpose General Obligation Bonds	4.00%	550,000	-	110,000	440,000	110,000
2007 General Obligation Road Improvement Bonds	4.00-4.25%	155,000	-	25,000	130,000	35,000
2009 Various Purpose General Obligation Bonds	2.00-5.00%	735,000	-	50,000	685,000	50,000
2012 Various Purpose General Obligation Refunding Bonds	0.40-4.00%	4,020,000	-	130,000	3,890,000	180,000
		<u>\$5,840,000</u>	<u>\$ -</u>	<u>\$ 470,000</u>	<u>\$5,370,000</u>	<u>\$485,000</u>

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**7. DEBT (Continued)**

During 2012, the Township issued \$4,085,000 of Various Purpose General Obligation Refunding Bonds, Series 2012. Proceeds were used to defease \$600,000 of the 2003 Road Improvement Bonds maturing in 2014 and beyond, and \$2,365,000 of the 2004 Various Purpose General Obligation Bonds maturing in 2016 and beyond. The Township has defeased portions of these debt issues by placing \$3,244,700 of cash with a trustee which is sufficient to pay all debt principal and interest payments when they come due. The principal amount of the defeased debt outstanding at December 31, 2013 for both issues was \$2,935,000. The cash and investments held by the trustee are not included in the Township's assets nor are the outstanding bonds included above. The remaining proceeds of the Bonds were used for cost of issuing the bonds and providing \$1,000,000 for the purchasing of new fire trucks for the Township. The bonds carry interest rates from 0.40 percent to a maximum of 4.0 percent and are payable over 18 years.

The Road Improvement Bonds, 2003 (a tax increment financing project), is for the purpose of improving the Township's public streets. The remaining bonds that were not defeased were repaid during 2013.

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. The remaining bonds that were not defeased will be repaid through 2015.

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, 2013, were an overall debt margin of \$95,808,650 and an unvoted debt margin of \$47,275,961.

The following is a summary of the Township's future annual debt service requirements:

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**7. DEBT (Continued)**

Year ending December 31:	2004 Various Purpose General Obligation Bonds		2006 Various Purpose General Obligation Bonds		2007 General Obligation Road Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 110,000	\$ 8,156	\$ 110,000	\$ 17,600	\$ 35,000	\$ 5,444
2015	115,000	4,169	110,000	13,200	35,000	4,000
2016	-	-	110,000	8,800	30,000	2,512
2017	-	-	110,000	4,400	30,000	1,275
2018	-	-	-	-	-	-
2019-2023	-	-	-	-	-	-
2024-2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
Total	<u>\$ 225,000</u>	<u>\$ 12,325</u>	<u>\$ 440,000</u>	<u>\$ 44,000</u>	<u>\$ 130,000</u>	<u>\$ 13,231</u>

  

Year ending December 31:	2009 Various Purpose General Obligation Bonds		2012 Various Purpose General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 50,000	\$ 31,038	\$ 180,000	\$ 119,010	\$ 485,000	\$ 181,248
2015	50,000	29,787	180,000	116,310	490,000	167,466
2016	55,000	28,288	300,000	112,710	495,000	152,310
2017	55,000	26,500	315,000	103,710	510,000	135,885
2018	60,000	23,750	320,000	94,260	380,000	118,010
2019-2023	335,000	72,000	1,375,000	315,300	1,710,000	387,300
2024-2028	80,000	4,000	995,000	122,090	1,075,000	126,090
2029	-	-	225,000	6,750	225,000	6,750
Total	<u>\$ 685,000</u>	<u>\$ 215,363</u>	<u>\$3,890,000</u>	<u>\$ 990,140</u>	<u>\$ 5,370,000</u>	<u>\$ 1,275,059</u>

**8. INTERFUND TRANSFERS**

During 2013, the following transfers were made to the Debt Service Fund for the retirement of debt from funds established to receive funds from levies or tax increment financing agreements.

General Fund	\$ 69,600
Public Safety #1	88,500
Road and Bridge	41,200
Park Levy	53,800
Transfers from TIF Funds	155,350
Transfers from RID Funds	258,200
Total Transferred to Debt Service Fund	<u>\$666,650</u>

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**9. INTERFUND BALANCES**

Interfund balances as of December 31, 2013, 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	\$160,000

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

**10. 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, 2013, members in state and local classifications contributed 10.0 percent of covered payroll and law enforcement members contributed 12.6 percent.

The Township's contribution rate for 2013 was 14.0 percent, except for those plan members in law enforcement, for whom the Township's contribution was 18.1 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, 2013, 2012, and 2011 were \$876,017, \$860,905, and \$868,412, respectively; which were equal to the required contributions for each year.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

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 covered payroll from January 1, 2013 to June 30, 2013 and 10.75 percent of covered payroll from July 1, 2013 to December 31, 2013. 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 \$811,263, \$799,255, and \$806,993 for the years ended December 31, 2013, 2012, and 2011, respectively. All of the required contributions were paid within the respective years.

**11. 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 2013, state and local employers contributed at a rate of 14 percent of covered payroll (18.1 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 2013, the amount of the employer contributions which was allocated to fund post-employment health care was 1 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, 2013, 2012, and 2011 were \$54,580, \$214,556, and \$216,426, respectively. All of the required contributions were paid within the respective years.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**11. POST-EMPLOYMENT BENEFITS (Continued)**

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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases 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.

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, 2013, 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 \$228,168, \$224,790, and \$226,967, for the year ended December 31, 2013, 2012, and 2011, respectively. All of the required contributions were paid within the respective year.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**12. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$67,000.

**MIAMI TOWNSHIP  
CLERMONT COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(CONTINUED)**

**12. RISK MANAGEMENT (Continued)**

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.

<u>Year</u>	<u>Contribution</u>
2011	\$118,190
2012	118,758
2013	121,818

**13. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



428 Second St.  
Marietta, OH 45750  
740.373.0056

1035 Murdoch Ave  
Parkersburg, WV 26101  
304.422.2203

121 E Main St  
St. Clairsville, OH 43950  
740.695.1569

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

August 31, 2015

Miami Township  
Clermont County  
6101 Meijer Dr.  
Milford, OH 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, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 31, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

**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 opinions 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 31, 2015.

### **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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

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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  
DECEMBER 3, 2015**