



Dave Yost • Auditor of State

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

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MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miami Township
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Montgomery County, Ohio (the Township), as of and for the years ended December 31, 2014 and 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.

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, Montgomery County, Ohio, as of December 31, 2014 and 2013, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Police, Fire Fund, and Austin TIF funds thereof for the years 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 Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2016

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED**

This discussion and analysis of Miami Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2014, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2014, within the limitations of the modified cash basis accounting. The statement of net position presents the pooled cash and investment balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

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

In the statement of net position and the statement of activities, the Township has only governmental activities. The Township's basic services are reported here, including general government, public safety, public works, health, economic development and conservation-recreation. Property taxes and intergovernmental receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Police, Fire, Road and Bridge, and Austin TIF East Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 summarizes the Township's net position for 2014 compared to 2013 on a modified cash basis:

Table 1 - Net Position		
	Governmental Activities	
Assets:	2014	2013
Equity in Pooled Cash, Cash Equivalents and Investments	\$16,837,084	\$14,194,802
Total Assets	\$16,837,084	\$14,194,802
Net Position		
Restricted for:		
Police	\$1,229,451	\$670,418
Fire	5,446,965	5,436,391
Road and Bridge	2,416,837	1,877,848
Austin East TIF	2,000,126	801,497
Other Purposes	2,655,764	2,112,611
Unrestricted	3,087,941	3,296,037
Total Net Position	\$16,837,084	\$14,194,802

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

As mentioned previously, net position of governmental activities increased \$2.6 million in 2014. The increase in net position was mostly due to TIF revenues and the Police levy.

Table 2 compares the changes in net position from 2013 to 2014 on a modified cash basis.

Table 2 – Changes in Net Position

	Governmental Activities	
	2014	2013
Receipts:		
Charges for Services and Sales	\$153,927	\$142,569
Operating Grants and Contributions	2,168,160	2,530,931
Property and Other Local Taxes	11,656,374	8,462,584
Intergovernmental	1,145,019	1,975,275
Payments in Lieu of Taxes	4,943,667	2,349,686
Proceeds from Debt	17,750,000	20,530,000
Interest	130,996	171,497
Miscellaneous	948,247	656,424
Total Receipts	38,896,390	36,818,966
Disbursements:		
General Government:	1,293,877	1,305,295
Public Safety	10,884,652	9,989,283
Public Works	1,512,630	1,453,803
Health	-	904,642
Economic Development	327,141	325,576
Conservation & Recreation	439,184	643,360
Other	330,771	-
Capital Outlay	1,514,449	2,807,863
Debt Service:		
Principal Retirement	18,853,053	20,658,153
Interest and Fiscal Charges	1,098,351	1,865,320
Total Disbursements	36,254,108	39,953,295
 Change in Net Position	 2,642,282	 (3,134,329)
 Net Position, January 1	 14,194,802	 17,329,131
Net Position, December 31	\$16,837,084	\$14,194,802

Just under half (49%) of the Township's general receipts are from debt proceeds. Slightly less than one third (31%) of the Township's general receipts are from property taxes. Local government funds, hotel/motel occupancy tax, inheritance tax, franchise fees, miscellaneous receipts and interest income make up the balance of the Township's general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, the administrator's office, finance, compliance, and planning and zoning. Since these costs do not represent direct services to residents, we try to limit these costs to 10% of General Fund unrestricted receipts.

Public Safety is the cost of police and fire protection; Public Works is the cost of road maintenance, building maintenance, and vehicle maintenance. Health is the cost of trash services. Economic Development is the cost of promoting industrial and commercial development. Conservation & Recreation activities are the costs of maintaining the parks.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities for 2014, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety. The two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3 – Government Activities

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
General Government	\$1,293,877	(\$1,293,877)	\$1,305,295	(\$1,305,295)
Public Safety	10,884,652	(9,251,002)	9,989,283	(8,208,671)
Public Works	1,512,630	(824,193)	1,453,803	(560,915)
Health			904,642	(904,642)
Economic Development	327,141	(327,141)	325,576	(325,576)
Conservation-Recreation	439,184	(439,184)	643,360	(643,360)
Other	330,771	(330,771)		
Capital Outlay	1,514,449	(1,514,449)	2,807,863	(2,807,863)
Principal Retirement	18,853,053	(18,853,053)	20,658,153	(20,658,153)
Interest and Fiscal Charges	1,098,351	(1,098,351)	1,865,320	(1,865,320)
Total Expenses	<u>\$36,254,108</u>	<u>(\$33,932,021)</u>	<u>\$39,953,295</u>	<u>(\$37,279,795)</u>

The Township's Funds

Total governmental funds had receipts (excluding other financing sources) of \$21,146,390 and \$16,278,252 for 2014 and 2013 respectively. Disbursements (excluding other financing uses) were \$36,254,108 and \$39,953,295 respectively.

General Fund Budgeting Highlights

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

During 2014, the Township amended its General Fund budget to reflect increased costs for general government, and to reflect increased revenue from intergovernmental receipts. Final disbursements were budgeted at \$2,611,016 while actual disbursements were \$2,502,662. Actual spending was \$108,354 less than final appropriations. Final receipts were budgeted at \$1,549,488 while actual receipts were \$1,456,550. Budgeted receipts were increased by \$2,171 from the original budget; however, actual receipts were \$92,938 less than budgeted. The final result was an increase in the budget fund balance of \$753,704.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The Township has chosen not to report capital assets and infrastructure. The Township reports the acquisition of capital assets as disbursements in the statement of receipts, disbursements, and changes in fund balances and they do not appear in the fund financial statements or statement of net position.

Debt

The Township has issued capital leases to provide funding for various capital related items. At December 31, 2014, the Township had \$2,636,282 in capital lease obligations outstanding.

In 2010, the Township issued bonds totaling \$8,550,000 for the construction of a new fire station and a new public works facility. At December 31, 2014, the Township had \$7,435,000 outstanding on these bonds.

During 2014, the Township issued several notes totaling \$17,750,000 for the construction of a recreational trail, park improvements and equipment, and transportation improvement projects related to Austin Landing Phase II.

Additional information on the Township's debt can be found in Notes 10, 11 and 12 to the financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on property taxes so it is imperative that we continue to enhance our property tax base while maintaining an attractive mix of residential, retail, commercial, and green space property.

The Township is currently working in partnership with other local governments to enhance the area's tax base. The Austin Interchange Project is a joint project involving two other communities and involves the development of an interchange at Austin Pike and Interstate 75. The economic development possibilities include office and commercial space, hospitality and convention space, as well as retail space to serve the needs of workers, travelers and residents.

Contacting the Township's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Fiscal Officer, Miami Township, 2700 Lyons Road, Miamisburg, Ohio 45342.

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**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER, 31, 2014**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents and Investments	\$16,837,084
Total Assets	<u>16,837,084</u>
Net Position:	
Restricted for:	
Road & Bridge Projects	2,416,837
Police	1,229,451
Fire	5,446,965
Austin TIF-East	2,000,126
Other Programs	2,655,764
Unrestricted	3,087,941
Total Net Position	<u>\$16,837,084</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Cash</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:					
Current:					
General Government	\$1,293,877				(\$1,293,877)
Public Safety	10,884,652	\$1,447	\$1,632,203		(9,251,002)
Public Works	1,512,630	152,480	535,957		(824,193)
Economic Development	327,141				(327,141)
Conservation-Recreation	439,184				(439,184)
Other	330,771				(330,771)
Capital Outlay	1,514,449				(1,514,449)
Debt Service:					
Principal Retirement	18,853,053				(18,853,053)
Interest and Fiscal Charges	1,098,351				(1,098,351)
Total Governmental Activities	<u>36,254,108</u>	<u>153,927</u>	<u>2,168,160</u>		<u>(33,932,021)</u>
Total Primary Government	<u>\$36,254,108</u>	<u>\$153,927</u>	<u>\$2,168,160</u>	<u>\$0</u>	<u>(33,932,021)</u>
General Receipts:					
Property Taxes Levied for:					
General & Road & Bridge, Police and Fire Purposes					11,460,453
Capital Projects					195,921
Grants and Entitlements not Restricted to Specific Programs					1,145,019
Payments in Lieu of Taxes					4,943,667
Other Debt Proceeds					17,750,000
Cable Franchise Fees					439,922
Earnings on Investments					130,996
Miscellaneous					508,325
Total General Receipts					<u>36,574,303</u>
Change in Net Position					2,642,282
Net Position Beginning of Year					<u>14,194,802</u>
Net Position End of Year					<u>\$16,837,084</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Austin TIF-East Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in Pooled Cash and Cash							
Equivalents and Investments	\$3,087,941	\$2,416,837	\$1,229,451	\$5,446,965	\$2,000,126	\$2,655,764	\$16,837,084
Total Assets	<u>3,087,941</u>	<u>2,416,837</u>	<u>1,229,451</u>	<u>5,446,965</u>	<u>2,000,126</u>	<u>2,655,764</u>	<u>16,837,084</u>
Fund Balances:							
Restricted		2,416,837	1,229,451	5,446,965	2,000,126	2,655,764	13,749,143
Assigned	643,429						643,429
Unassigned (Deficit)	2,444,512						2,444,512
Total Fund Balances	<u>\$3,087,941</u>	<u>\$2,416,837</u>	<u>\$1,229,451</u>	<u>\$5,446,965</u>	<u>\$2,000,126</u>	<u>\$2,655,764</u>	<u>\$16,837,084</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Road and Bridge Fund	Police Fund	Fire Fund	Austin TIF-East Fund	Other Governmental Funds	Total Governmental Funds
Receipts:							
Property and Other Local Taxes	\$499,551	\$1,314,451	\$5,198,634	\$4,033,607		\$414,210	\$11,460,453
Charges for Services		152,480		1,447			153,927
Licenses, Permits and Fees	439,922						439,922
Fines and Forfeitures			23,738			21,805	45,543
Intergovernmental	300,525	342,524	920,602	1,027,253	\$202,110	520,165	3,313,179
Special Assessments	3,835					192,086	195,921
Payments in Lieu of Taxes					3,589,881	1,353,786	4,943,667
Earnings on Investments	130,996						130,996
Miscellaneous	81,721	49,096	233,754	1,857	81,015	15,339	462,782
Total Receipts	1,456,550	1,858,551	6,376,728	5,064,164	3,873,006	2,517,391	21,146,390
Disbursements:							
Current:							
General Government	1,227,226					66,651	1,293,877
Public Safety			5,755,557	4,737,938	194,799	196,358	10,884,652
Public Works	277,314	1,157,797				77,519	1,512,630
Economic Development	327,141						327,141
Conservation-Recreation	397,910					41,274	439,184
Other						330,771	330,771
Capital Outlay	(828)	4,968	62,138		998,110	450,061	1,514,449
Debt Service:							
Principal Retirement	74,000	219,000		121,800	18,100,000	338,253	18,853,053
Interest and Fiscal Charges	100,171	272,797		193,852	292,124	239,407	1,098,351
Total Disbursements	2,402,934	1,654,562	5,817,695	5,053,590	19,585,033	1,740,294	36,254,108
Excess of Receipts Over (Under) Disbursements	(946,384)	203,989	559,033	10,574	(15,712,027)	777,097	(15,107,718)
Other Financing Sources (Uses):							
Debt Proceeds					17,750,000		17,750,000
Transfers In	738,288	335,000				504,344	1,577,632
Transfers Out					(839,344)	(738,288)	(1,577,632)
Total Other Financing Sources (Uses)	738,288	335,000			16,910,656	(233,944)	17,750,000
Net Change in Fund Balances	(208,096)	538,989	559,033	10,574	1,198,629	543,153	2,642,282
Fund Balances Beginning of Year	3,296,037	1,877,848	670,418	5,436,391	801,497	2,112,611	14,194,802
Fund Balances End of Year	<u>\$3,087,941</u>	<u>\$2,416,837</u>	<u>\$1,229,451</u>	<u>\$5,446,965</u>	<u>\$2,000,126</u>	<u>\$2,655,764</u>	<u>\$16,837,084</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$177,652	\$177,652	\$499,551	\$321,899
Licenses, Permits and Fees	711,263	711,263	439,922	(271,341)
Intergovernmental	457,697	459,868	300,525	(159,343)
Special Assessments	3,554	3,554	3,835	281
Earnings on Investments	121,410	121,410	130,996	9,586
Miscellaneous	75,741	75,741	81,721	5,980
Total Receipts	<u>1,547,317</u>	<u>1,549,488</u>	<u>1,456,550</u>	<u>(92,938)</u>
Disbursements:				
Current:				
General Government	1,609,517	1,609,517	1,319,753	289,764
Public Works	28,987	281,713	277,315	4,398
Economic Development	321,876	321,876	332,685	(10,809)
Conservation-Recreation	130,008	397,910	397,910	
Capital Outlay			828	(828)
Debt Service:				
Principal Retirement			74,000	(74,000)
Interest and Fiscal Charges			100,171	(100,171)
Total Disbursements	<u>2,090,388</u>	<u>2,611,016</u>	<u>2,502,662</u>	<u>108,354</u>
Excess of Receipts Over (Under) Disbursements	<u>(543,071)</u>	<u>(1,061,528)</u>	<u>(1,046,112)</u>	<u>(15,416)</u>
Other Financing Sources (Uses):				
Transfers In			738,288	738,288
Total Other Financing Sources (Uses)			<u>738,288</u>	<u>738,288</u>
Net Change in Fund Balance	(543,071)	(1,061,528)	(307,824)	753,704
Fund Balance Beginning of Year	3,234,760	3,234,760	3,234,760	
Prior Year Encumbrances Appropriated	<u>61,266</u>	<u>61,266</u>	<u>61,266</u>	
Fund Balance End of Year	<u>\$2,752,955</u>	<u>\$2,234,498</u>	<u>\$2,988,202</u>	<u>\$753,704</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$1,337,056	\$1,337,056	\$1,314,451	(\$22,605)
Charges for Services	63,755	63,755	152,480	88,725
Intergovernmental	46,717	46,717	342,524	295,807
Miscellaneous	20,528	20,528	49,096	28,568
Total Receipts	<u>1,468,056</u>	<u>1,468,056</u>	<u>1,858,551</u>	<u>390,495</u>
Disbursements:				
Current:				
Public Works	1,467,847	1,741,053	1,173,653	567,400
Capital Outlay	37,000	37,000	4,968	32,032
Debt Service:				
Principal Retirement	319,477	219,977	219,000	977
Interest and Fiscal Charges	173,997	273,497	272,797	700
Total Disbursements	<u>1,998,321</u>	<u>2,271,527</u>	<u>1,670,418</u>	<u>601,109</u>
Excess of Receipts Over (Under) Disbursements	<u>(530,265)</u>	<u>(803,471)</u>	<u>188,133</u>	<u>991,604</u>
Other Financing Sources (Uses):				
Transfers In			335,000	335,000
Total Other Financing Sources (Uses)			<u>335,000</u>	<u>335,000</u>
Net Change in Fund Balance	(530,265)	(803,471)	523,133	1,326,604
Fund Balance Beginning of Year	1,867,038	1,867,038	1,867,038	
Prior Year Encumbrances Appropriated	10,810	10,810	10,810	
Fund Balance End of Year	<u>\$1,347,583</u>	<u>\$1,074,377</u>	<u>\$2,400,981</u>	<u>\$1,326,604</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BLANCES - BUDGET AND ACTUAL - BUDGET BASIS
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<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	\$5,321,656	\$5,321,656	\$5,198,634	(\$123,022)
Fines and Forfeitures	30,000	30,000	23,738	(6,262)
Intergovernmental			920,602	920,602
Miscellaneous	102,111	102,111	233,754	131,643
Total Receipts	<u>5,453,767</u>	<u>5,453,767</u>	<u>6,376,728</u>	<u>922,961</u>
Disbursements:				
Current:				
Public Safety	5,428,617	6,164,870	5,809,231	355,639
Capital Outlay	65,767	85,810	62,138	23,672
Total Disbursements	<u>5,494,384</u>	<u>6,250,680</u>	<u>5,871,369</u>	<u>379,311</u>
Excess of Receipts Over (Under) Disbursements	<u>(40,617)</u>	<u>(796,913)</u>	<u>505,359</u>	<u>1,302,272</u>
Net Change in Fund Balance	(40,617)	(796,913)	505,359	1,302,272
Fund Balance Beginning of Year	627,597	627,597	627,597	
Prior Year Encumbrances Appropriated	<u>42,821</u>	<u>42,821</u>	<u>42,821</u>	
Fund Balance End of Year	<u>\$629,801</u>	<u>(\$126,495)</u>	<u>\$1,175,777</u>	<u>\$1,302,272</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$4,113,497	\$4,113,497	\$4,033,607	(\$79,890)
Charges for Services			1,447	1,447
Licenses, Permits and Fees				
Fines and Forfeitures				
Intergovernmental			1,027,253	1,027,253
Special Assessments				
Payments in Lieu of Taxes				
Earnings on Investments				
Miscellaneous			1,857	1,857
Total Receipts	<u>4,113,497</u>	<u>4,113,497</u>	<u>5,064,164</u>	<u>950,667</u>
Disbursements:				
Current:				
Public Safety	4,673,194	4,749,526	4,737,938	11,588
Debt Service:				
Principal Retirement			121,800	(121,800)
Interest and Fiscal Charges			193,852	(193,852)
Total Disbursements	<u>4,673,194</u>	<u>4,749,526</u>	<u>5,053,590</u>	<u>(304,064)</u>
Excess of Receipts Over (Under) Disbursements	<u>(559,697)</u>	<u>(636,029)</u>	<u>10,574</u>	<u>646,603</u>
Net Change in Fund Balance	(559,697)	(636,029)	10,574	646,603
Fund Balance Beginning of Year	<u>5,436,391</u>	<u>5,436,391</u>	<u>5,436,391</u>	
Fund Balance End of Year	<u><u>\$4,876,694</u></u>	<u><u>\$4,800,362</u></u>	<u><u>\$5,446,965</u></u>	<u><u>\$646,603</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
AUSTIN TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$1,250,000	\$1,250,000		(\$1,250,000)
Intergovernmental			\$202,110	202,110
Payments in Lieu of Taxes			3,589,881	3,589,881
Earnings on Investments				
Miscellaneous			81,015	81,015
Total Receipts	<u>1,250,000</u>	<u>1,250,000</u>	<u>3,873,006</u>	<u>2,623,006</u>
Disbursements:				
Current:				
General Government	565,000	187,443		187,443
Public Safety			194,799	(194,799)
Capital Outlay			998,110	(998,110)
Debt Service:				
Principal Retirement		360,000	18,100,000	(17,740,000)
Interest and Fiscal Charges		283,000	292,124	(9,124)
Total Disbursements	<u>565,000</u>	<u>830,443</u>	<u>19,585,033</u>	<u>(18,754,590)</u>
Excess of Receipts Over (Under) Disbursements	<u>685,000</u>	<u>419,557</u>	<u>(15,712,027)</u>	<u>(16,131,584)</u>
Other Financing Sources (Uses):				
Debt Proceeds			17,750,000	17,750,000
Transfers Out	(335,000)	(840,000)	(839,344)	656
Total Other Financing Sources (Uses)	<u>(335,000)</u>	<u>(840,000)</u>	<u>16,910,656</u>	<u>17,750,656</u>
Net Change in Fund Balance	<u>350,000</u>	<u>(420,443)</u>	<u>1,198,629</u>	<u>1,619,072</u>
Fund Balance Beginning of Year	801,497	801,497	801,497	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$1,151,497</u>	<u>\$381,054</u>	<u>\$2,000,126</u>	<u>\$1,619,072</u>

See accompanying notes to the basic financial statements.

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**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. REPORTING ENTITY

Miami Township, Montgomery County, (the Township), is a body politic and corporate established in 1829 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 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 general government services, road and bridge maintenance and police protection.

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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, accessible to the Township, and significant in amount to the Township.

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

C. Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in four jointly governed organizations and one public entity risk pool. Notes 7, 14, and 15 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- **The Miami Township – City of Dayton Joint Economic Development District** – This organization is the result of an agreement between the Township and the City of Dayton to promote economic development activities in a geographic area located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

1. REPORTING ENTITY (Continued)

- **The Miami Township – Dayton Mall Joint Economic Development District** – This organization is the result of an agreement between the Township and the City of Miamisburg to promote economic development activities in a geographic area located in Miami Township.
- **The Austin Center – Joint Economic Development District** – This organization is the result of an agreement between the Township, the City of Miamisburg, the City of Springboro and Montgomery County to promote economic development activities in a geographic area located in Miami Township.
- **Miami Valley Joint Fire District** – This organization is the result of an agreement between the Township and the City of Miamisburg to provide fire and emergency medical services to the citizens of Miamisburg and Miami Township. The District is a jointly governed organization between the City and the Township.

Public Entity Risk Pool:

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

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

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 extent they are applicable to the *modified* cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. 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 non-exchange transactions.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are 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.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds 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. Non-major 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.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

- **General** – The general fund accounts for and reports all financial resources not accounted for and reported 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.
- **Police Fund** – The Police Fund receives property tax money for operating and maintaining the police department and the purchase of equipment.
- **Fire Fund** – The Fire Fund receives property tax money for operating and maintaining the fire department and the purchase of equipment.
- **Road and Bridge Fund** – The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Austin East TIF** – The Austin East TIF Fund receives payments in lieu of taxes for properties under tax increment financing agreements located within the Austin Road Interchange district.

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned 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, except agency 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 each office, department and division and within each the amount appropriated for personal services within each fund.

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 certificate 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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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 Cash Equivalents 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 or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2014, the Township invested in negotiable certificates of deposit, Federal National Mortgage Association bonds, Federal Home Loan Bank bonds, Federal Farm Credit Bank notes, money market mutual funds, and STAR Ohio. The negotiable certificates of deposit, Federal National Mortgage Association bonds, Federal Home Loan Bank bonds, Federal Farm Credit Bank notes are reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by Morgan Stanley Smith Barney on December 31, 2014.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

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 2014 was \$130,996.

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 are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash from debt issues restricted for project development or construction costs; specific levies for police, fire, road and bridge; and tax increment financing agreements.

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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Inter-fund Receivables/Payables

The Township reports advances-in and advances-out for inter-fund 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare 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 and capital leases are reported with cash is received or the capital lease is initiated 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 police and fire protection, road and bridge maintenance, and tax increment financing.

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.

Net position amount restricted is \$13,749,143.

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:

- **Non-spendable** – The non-spendable 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 inter-fund 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 such as levies for police protection, fire protection, road and bridge maintenance and tax increment financing agreements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.
- **Unassigned** – An 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. Inter-fund 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 inter-fund transfers. Inter-fund 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. COMPLIANCE

Accountability and Compliance

Although fund balances were positive as of year-end, during the course of 2014, amended appropriations were not properly documented. As a result, some funds accrued negative balances during the year, contrary to Ohio Rev. Code Section 5705.10(I). Funds from the General Fund were not temporarily transferred to keep the restricted funds from accruing a negative balance. Expenditures in some funds exceeded the amount originally appropriated and budgeted, and some appropriations exceeded the estimated resources, contrary to Ohio Rev. Code Sections 5705.41(B) and 5705.39. In addition the township maintained reserve balance accounts for more than five years without formally re-establishing these accounts by separate resolution, contrary to Ohio Rev. Code Section 5705.132. The reserve accounts were reflected in the accounting records of the township and reported to the Trustees at least annually through the budget and appropriation process.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

3. COMPLIANCE (Continued)

To ensure appropriations are adequate, properly processed and documented, department heads and the Finance Department monitor fund balances throughout the year for potential negative balance situations. Amended appropriations and revisions to estimated resources are considered when necessary and submitted to the County Auditor for recording.

In 2014, the Township determined that the payments made for Parks and Leaf Collection were not allowed to be made from the Road & Bridge Fund. Prior year payments from the Road & Bridge Fund were reclassified to the General Fund. Entries were made to move the expenditures, \$268,345 and \$252,727, respectively for the years affected. These entries are all shown within fiscal year 2014.

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 - Budget Basis presented for the General, Police, Fire, Road and Bridge and Austin TIF Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the modified cash basis is outstanding year end encumbrances which are treated as disbursements (budget basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$99,728 for the General Fund, \$53,674 for the Police Fund \$15,856 for the Road and Bridge Fund and \$97,859 for all other funds.

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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% 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).
8. Commercial paper and bankers acceptances, with appropriate limitations based on completion of ORC training requirements.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. 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, \$710,211 of the Township's bank balance of \$960,211 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
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2014, 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 - 2</u>	<u>3 - 5</u>
FHLB	\$2,250,000			\$2,250,000
FNMA	1,049,000			1,049,000
FFCB	1,000,000			1,000,000
Money Market Fund	2,017,090	\$2,017,090		
Bank Certificates of Deposit	8,694,000	1,885,000	\$2,305,000	4,504,000
STAR Ohio	174	174		
Total Investments	<u>\$15,010,264</u>	<u>\$3,902,264</u>	<u>\$2,305,000</u>	<u>\$8,803,000</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’s investment policy addresses interest rate risk by requiring that the Township’s 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 – The security underlying the Federal National Mortgage Association notes, Federal Home Loan Bank notes and the Federal Farm Credit Bank notes carry a rating of AAA by Moody’s. STAR Ohio carries a rating of AAA by Standard and Poor’s. The money market fund carries a rating of AAA by Moody’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association notes, Federal Home Loan Bank notes and the Federal Farm Credit Bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2014:

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Investment Issuer	Percentage
Bank Certificates of Deposits	57.9%
FHLB	15.0%
Money Market Mutual Funds	13.4%
FNMA	7.0%
FFCB	6.6%

6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2014 for real and public utility taxes represent the collection of 2013 taxes.

2014 real property taxes are levied after October 1, 2014 on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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 personal property is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2014 public utility property taxes which became a lien on December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2014, was \$18.90 per \$1,000 of assessed value. The assessed values of real property and public utility property, upon which 2014 property tax receipts were based are as follows:

	Assessed Value
Real Property	\$592,270,180
Public Utility Property	14,648,970
Total Assessed Value	\$606,919,150

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

7. 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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARM 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.

A. Casualty and Property Coverage

The Pool is a member of American Public Entities 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, 2014, 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.

B. 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, 2014 and 2013:

	2014	2013
Assets	\$35,970,263	\$34,954,286
Liabilities	8,912,432	8,486,363
Net Position	\$27,057,831	\$26,467,923

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. AS of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$80,000.

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.

Contributions To OTARMA	
2014	2013
\$153,029	\$138,188

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

8. DEFINED BENEFIT PENSION PLANS

A. 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, but less than, 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 and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the State and local divisions and 12% for public safety and 12.6% for law enforcement members. For the year ended December 31, 2014, members in state and local classifications contributed 10.0% of covered payroll and law enforcement contributed 12.0%.

The Township's contribution rate for 2014 was 14.0%, except for those plan members in law enforcement, for whom the Township's contribution was 18.1% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. OPERS reported that the portion of employer contribution allocated to health care for members was 2.0% in 2014. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2014, 2013, and 2012 were \$724,319, \$708,017, and \$710,742, respectively, which were equal to the required contributions for each year.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund

Effective with the establishment of the Miami Valley Fire District in June 2012, no township employees participate in the Ohio Police and Fire Pension Fund. The police officers participate in OPERS.

9. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 mandate, 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 the 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 administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's OPERS contribution 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 2014, state and local employers contributed at a rate of 14% of covered payroll and law enforcement employers contributed at 18.1%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement employer units.

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 2014, the amount of the employer contributions which was allocated to fund post-employment health care was 2.0 percent of covered payroll.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

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, 2014, 2013, and 2012 were \$88,375, \$43,242 and \$169,022 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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over an eight year period beginning on January 1, 2006, with a final rate increase on January 1, 2014. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

After the formation of the Miami Valley Fire District in 2012, the Township no longer 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, that 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 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.

10. NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2014, follows:

Governmental Activities	Balance 12/31/2013	Issued	Reductions	Balance 12/31/2014
Recreational Trail Acquisition and Improvement Notes	\$3,300,000	\$3,360,000	\$3,300,000	\$3,360,000
Park Acquisition and Improvement Notes	5,785,000	2,955,000	5,785,000	2,955,000
Transportation Improvement Notes	11,445,000	11,435,000	11,445,000	11,435,000
Byers Rd Improvements	1,267,297		142,402	1,124,895
Total	<u>\$21,797,297</u>	<u>\$17,750,000</u>	<u>\$20,672,402</u>	<u>\$18,874,895</u>

In February 2014, the Township issued Recreational Trail Acquisition and Improvement Notes, Series 2014, in the anticipation of the issuance of bonds to pay the costs of acquiring and constructing a recreational trail. The notes carry an interest rate of 1.000% and mature on February 11, 2015.

In February 2014, the Township issued Park Acquisition and Improvement Notes, Series 2014, in the anticipation of the issuance of bonds to pay the costs of park improvements and equipment. The notes carry an interest rate of 1.000% and mature on February 11, 2015. In addition, the scope of the underlying project was revised to reduce the deliverables from the township. Escrowed funds of approximately \$2.2 million set aside for the construction of the now eliminated elements were subsequently returned to the note holder.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

10. NOTES PAYABLE (Continued)

In February 2014, the Township issued Transportation Improvement Notes, Series 2014, in the anticipation of the issuance of bonds to pay the costs, in cooperation with the Montgomery County Transportation Improvement District, of transportation improvement construction projects related to the Austin Landing Phase II project. The notes carry an interest rate of 1.250% and mature on February 11, 2015.

In October 2011, the Montgomery County Transportation Improvement District made the final draw on the State Infrastructure Loan for construction of the Byers Road improvements. The bonds were issued for a ten year period with a final maturity of January 31, 2021. The bonds will be retired from the TIF revenues pledged by Miami Township and the City of Miamisburg from the development area and pay interest at 3% with the first twelve months being interest free and the next year's interest of \$75,330 accrued and paid over the remaining eight years.

11. DEBT

The Township's long-term debt activity for the year ended December 31, 2014, was as follows:

Governmental Activities	Amount Outstanding 12/31/2013	Additions	Reductions	Amount Outstanding 12/31/2014	Amounts Due Within One Year
Bonds:					
General Obligation Bonds	\$7,725,000		\$290,000	\$7,435,000	\$300,000
Capital Leases:					
2005 Administration Building	2,604,000		74,000	2,530,000	189,452
2012 Street Sweeper	157,082		50,800	106,282	55,506
Total	\$10,486,082	\$0	\$414,800	\$10,071,282	\$544,958

In April 2010 the Township issued Various Purpose Limited Tax General Obligation Bonds, Taxable Series 2010B, in the amount of \$8,550,000 for constructing a public works facility and a fire station.

The general obligation bonds are supported by the full faith and credit of the Township and are payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

Year Ended December 31,	Principal	Interest	Total
2015	\$300,000	450,823	\$750,823
2016	320,000	438,223	758,223
2017	325,000	423,183	748,183
2018	350,000	407,095	757,095
2019	365,000	388,895	753,895
2020 - 2024	2,150,000	1,603,393	3,753,393
2025 - 2029	2,920,000	838,650	3,758,650
2030	705,000	46,883	751,883
Total	\$7,435,000	\$4,597,145	\$12,032,143

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

11. DEBT (Continued)

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 amount equal to 10.5% of its tax valuation.

12. LEASES

During 2005, the Township entered into a capital lease for the construction of an administration building in the amount of \$3,118,000. Amortization of the remaining lease, including interest, is scheduled as follows:

Year Ended December 31	Amount
2015	\$189,492
2016	189,604
2017	189,404
2018	190,084
2019	189,604
2020 – 2024	948,340
2025 – 2029	947,589
2030 – 2034	947,915
2035	189,850
Total Minimum Lease Payments	\$3,981,882
Less: Interest	(1,451,882)
Present Value	\$2,530,000

During 2012, the Township entered into a capital lease for a street sweeper in the amount of \$208,235, which includes the cost of issuance. Amortization of the remaining lease, including interest, is scheduled as follows:

Year Ended December 31	Amount
2015	\$55,506
2016	55,506
Total Minimum Lease Payments	111,012
Less: Interest	(4,419)
Present Value	\$106,593

13. TIF DISTRICT REVENUE PLEDGE

In September 2008, the Township and the Montgomery County Transportation Improvement District entered into an intergovernmental agreement related to the financing of a tax increment financing district (TIF District) established for the re-alignment and improvement to Lyons Ridge and Kingsridge Drives in the vicinity of the Dayton Mall. The agreement requires the Montgomery County Transportation Improvement District to make various improvements to the TIF District located within the Township. Funding for the project was obtained by the Montgomery County Transportation Improvement District through the issuance of \$4,885,000 of special obligation bonds.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

13. TIF DISTRICT REVENUE PLEDGE (Continued)

In March 2010, the Township and the Montgomery County Transportation Improvement District entered into an intergovernmental agreement related to the financing of a tax increment financing district (TIF District) established for the Austin Landing Project. The agreement requires the Montgomery County Transportation Improvement District to make various improvements to the TIF District located within the Township. Funding for the project was obtained by the Montgomery County Transportation Improvement District through the issuance of \$9,200,000 of special obligation bonds.

In July 2010, the Township and the Montgomery County Transportation Improvement District along with two other local jurisdictions entered into an intergovernmental agreement related to the tax increment financing district (TIF District) established for the construction of the Austin Road Interchange and Related Projects. The Montgomery County Transportation Improvement District made various improvements to the TIF District. Funding for the project was obtained by the Montgomery County Transportation Improvement District through the issuance of \$20,335,000 of special obligation bonds.

As a result of the above agreements, the Township has pledged to the Montgomery County Transportation Improvement District, the future payments in lieu of taxes (PILOTS) made by the property owners residing within the boundaries of the above mentioned areas in amounts equal to meet the debt service requirements of the bonds issued by and to be paid by the Montgomery County Transportation Improvement District, as follows:

Year Ending December 31,	Lyons Ridge/ Kingsridge	Austin Landing	Austin Road	Byers Road	Total
2015	\$410,300	\$841,634	\$793,750	\$179,361	\$2,225,045
2016	406,500	842,574	795,750	179,361	2,224,185
2017	402,500	841,019	796,750	179,361	2,219,630
2018	401,575	843,019	794,750	179,361	2,218,705
2019	406,675	843,069	794,750	179,361	2,223,855
2020 – 2024	2,030,288	4,211,674	3,981,250	358,721	10,581,933
2025 – 2029	1,629,413	4,209,559	3,983,275		9,822,247
2030 – 2033			3,188,500		3,188,500
Total Principal + Interest	<u>\$5,687,251</u>	<u>\$12,632,548</u>	<u>\$15,128,775</u>	<u>\$1,255,526</u>	<u>\$34,704,100</u>

14. PUBLIC ENTITY RISK POOL

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS

The Miami Township – City of Dayton Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the City Commission under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, on January 1, 2007. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Commission; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Commission with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Commission; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton.

The Miami Township – Dayton Mall Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the Miamisburg City Council under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, on June 11, 2009. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Council; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Council with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Council; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township.

The Austin Center – Joint Economic Development District is a political body incorporated and established by the Miami Township, the City of Miamisburg, the City of Springboro and Montgomery County under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, effective September 1, 2009. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member from appointed by each of the respective entities and one member representing the owners of the businesses located in the District, appointed by a majority of the 4 appointed board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township.

Miami Valley Joint Fire District – is a political body incorporated and established by the Miami Township and the City of Miamisburg in accordance with Ohio Revised Code § 505.371. The District was formed on August 31, 2011, and operations began June 11, 2012. The District provides fire and emergency medical services to the citizens of Miamisburg and Miami Township. The District is a jointly governed organization between the City and the Township. By-laws were adopted by the District and allow for a five member governing Board of Trustees. The City appoints two trustees, the Township appoints two trustees and one trustee is selected by the total membership of the Board of Trustees. Funding for the District is provided by levy funds and general fund monies of the City and Township. In 2014, \$4,673,194 was transferred to the District. The District intends to ultimately pursue a levy of taxes in an amount to replace the existing Township and City levies for the operation of the District.

The By-laws provide for an Operational Oversight Committee which is occupied by the City Manager and Township Administrator. This committee will review and comment on all budget proposals, personnel policy and operational and procedural matters, with the final budget approved by City Council and Township Trustees. The City does not have any equity interest in the Miami Valley Joint Fire District.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

16. FUND BALANCES

Fund balance is classified as non-spendable, 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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented on the following page.

Fund Balances	General	Road and Bridge	Police	Fire	Austin TIF East	Governmental Funds	Total
Restricted for							
Road & Bridge		\$2,416,837					\$2,416,837
Public Safety			\$1,229,451	\$5,446,965			6,676,416
Other					\$2,000,126	\$2,655,764	4,655,890
Total Restricted		\$2,416,837	\$1,229,451	\$5,446,965	\$2,000,126	\$2,655,764	\$13,749,143
Assigned to							
Encumbrances	\$99,728						99,728
Subsequent Appropriations	543,701						543,701
Total Assigned	\$643,429						643,429
Unassigned (Deficit)	2,444,512						2,444,512
Total Fund Balances	\$3,087,941	\$2,416,837	\$1,229,451	\$5,446,965	\$2,000,126	\$2,655,764	\$16,837,084

17. SUBSEQUENT EVENTS

On February 11, 2015, the Township issued a Transportation Improvement Bond, Series 2015A (Tax Exempt) in the amount of \$5,535,000 that matures on February 11, 2034 with an interest cost of 2.96%. Also, on February 11, 2015 the Township issued a Transportation Improvement Bond, Series 2015B (Taxable) in the amount of \$6,110,000 that matures on February 11, 2034 with an interest cost of 3.36%. Proceeds were used to retire the Transportation Improvement Note, Series 2014, in the amount of \$11,435,000 plus interest and cost of issuance.

On February 11, 2015, the Township issued Park Acquisition and Improvement Bonds, Series 2015B in the amount of \$3,085,000, and Various Purpose Bonds, Series 2015A in the amount of \$3,410,000. Both bonds mature in 2034, with an interest cost of 2.88 and 3.27 percent, respectively. Proceeds were used to retire the Park Acquisition and Improvement Notes, Series 2014 in the amount of \$2,995,000 and Various Purpose Notes, Series 2014 in the amount of \$3,360,000 plus interest and cost of issuance.

In January 2016, Moody's withdrew its rating on the outstanding debt of the township pending the submission of audited financial statements. The township intends to pursue the reinstatement of the rating once the audited financial statements are available for submission to the rating agency.

18. CONTINGENT LIABILITIES

The Township is party to various legal proceedings seeking damages. Township management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial statements of the Township. The Township also participates in various grant programs. These programs may be subject to financial and compliance audits by the grantor or their representative. Any disallowed claims resulting from such audits could become a liability of the Township. However in the opinion of management will not have a material adverse affect on the overall financial position of the Township at December 31, 2014.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

This discussion and analysis of Miami Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis for Accounting

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

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

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2013, within the limitations of the modified cash basis accounting. The statement of net position presents the pooled cash and investment balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipt not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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

In the statement of net position and the statement of activities, the Township has only governmental activities. The Township's basic services are reported here, including general government, police, public works, health, economic development and conservation-recreation. Property taxes and intergovernmental receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Police, Fire, Road and Bridge, and Austin TIF Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2013 compared to 2012 on a modified cash basis.

Table 1 - Net Position

	Governmental Activities	
	2013	2012
Assets:		
Equity in Pooled Cash, Cash Equivalents and Investments	\$14,194,802	\$17,329,131
Total Assets	<u>\$14,194,802</u>	<u>\$17,329,131</u>
Net Position:		
Restricted for:		
Police	\$670,418	\$3,144,088
Fire	5,436,391	5,666,622
Road and Bridge	1,877,848	2,472,437
Austin TIF	801,497	421,285
Other Purposes	2,112,611	2,558,891
Unrestricted	3,296,037	3,065,808
Total Net Position	<u>\$14,194,802</u>	<u>\$17,329,131</u>

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

As mentioned previously, net position of governmental activities decreased \$3.1 million in 2013. The decrease in net position was mostly due to capital related expenditures and the loss of a Police levy.

Table 2 reflects the changes in net position in 2013 compared to 2012 on a modified cash basis.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2013	2012
Receipts:		
Charges for Services and Sales	\$142,569	\$1,228,191
Operating Grants and Contributions	2,530,931	45,724
Property and Other Local Taxes	8,462,584	10,807,352
Intergovernmental	1,975,275	4,330,398
Payments in Lieu of Taxes	2,349,686	2,117,626
Proceeds from Debt	20,530,000	18,438,235
Interest	171,497	276,911
Other	656,424	375,296
Total Receipts	36,818,966	37,619,733
Disbursements:		
General Government	1,305,295	1,563,608
Public Safety	9,989,283	10,569,586
Public Works	1,453,803	1,624,762
Health	904,642	1,426,625
Economic Development	325,576	1,423,701
Conservation & Recreation	643,360	107,783
Capital Outlay	2,807,863	25,059,354
Debt Service:		
Principal Retirement	20,658,153	503,131
Interest and Fiscal Charges	1,865,320	646,853
Total Disbursements	39,953,295	42,925,403
Change in Net Position	(3,134,329)	(5,305,670)
Net Position, January 1	17,329,131	22,634,801
Net Position, December 31	\$ 14,194,802	\$17,329,131

Approximately 56% of total receipts are from debt proceeds and another 29% are from property taxes and payments in lieu of taxes. Local government funds, hotel/motel occupancy tax, inheritance tax, franchise fees, miscellaneous receipts and interest income make up the balance of the Township's receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, the administrator's office, finance, human resources and planning and zoning. Since these costs do not represent direct services to residents, we try to limit these costs to 10% of General Fund unrestricted receipts.

Public Safety is the cost of police and fire protection; Public Works is the cost of road maintenance, building maintenance, and vehicle maintenance. Health is the cost of trash services. Economic Development is the cost of promoting industrial and commercial development. Conservation & Recreation activities are the costs of maintaining the parks.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Government Activities

If you look at the Statement of Activities for 2013, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is public safety, which accounts for 25.1% of all governmental disbursements. The three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3
Government Activities**

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
General Government	\$1,305,295	(\$1,305,295)	\$1,563,608	(\$1,128,554)
Public Safety	9,989,283	(8,208,671)	10,569,586	(9,979,940)
Public Works	1,453,803	(560,915)	1,624,762	(1,529,287)
Health	904,642	(904,642)	1,426,625	(1,424,472)
Economic Development	325,576	(325,576)	1,423,701	(1,423,701)
Conservation-Recreation	643,360	(643,360)	107,783	(93,682)
Capital Outlay	2,807,863	(2,807,863)	25,059,354	(24,921,868)
Principal Retirement	20,658,153	(20,658,153)	503,131	(503,131)
Interest and Fiscal Charges	1,865,320	(1,865,320)	646,853	(646,853)
Total Expenses	<u>\$39,953,295</u>	<u>(\$37,279,795)</u>	<u>\$42,925,403</u>	<u>(\$41,651,488)</u>

The Township's Funds

Total government funds had receipts (excluding other financing sources) of \$16,278,252 and \$37,619,733 for 2013 and 2012 respectively. Disbursements (excluding other financing uses) were \$39,953,295 and \$42,925,403 respectively.

General Fund Budgeting Highlights

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

During 2013, the Township amended its General Fund budget to reflect increased costs for general government, and to reflect increased revenue from intergovernmental receipts.

Disbursements were budgeted at \$2,819,050 while actual disbursements were \$2,010,133. Budgeted appropriations were not amended however actual spending was \$808,917 less than appropriations.

Receipts were budgeted at \$1,672,275 while actual receipts were \$2,138,371. Final budgeted receipts were decreased \$2,309 from the original budget. Actual receipts were \$466,096 greater than final amount budgeted.

The final result was an increase in the budget fund balance of \$1,315,727 for 2013.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The Township has chosen to not report capital assets and infrastructure. The Township reports the acquisition of capital assets as disbursements in the statement of receipts, disbursements, and changes in fund balances and they do not appear in the fund financial statements or statement of net position.

Debt

The Township has entered capital leases to provide funding for various capital related items. At December 31, 2013, the Township has \$2,761,082 in capital leases obligations outstanding.

During 2010, the Township issued bonds totaling \$8,550,000 for the construction of a new fire station and a new public works facility. At December 31, 2013, the Township had \$7,725,000 outstanding on these bonds.

During 2013, the Township issued several notes totaling \$20,530,000 for the construction of a recreational trail, park improvements and equipment and transportation improvement projects related to Austin Landing Phase II.

Additional information on the Township's debt can be found in Notes 10 – 12 to the financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on property taxes so it is imperative that we continue to enhance our property tax base while maintaining an attractive mix of residential, retail, commercial, and green space property.

The Township is currently working in partnership with other local governments to enhance the area's tax base. The Austin Interchange Project is a joint project involving two other communities and involves the development of an interchange at Austin Pike and Interstate 75. The economic development possibilities include office and commercial space, hospitality and convention space, as well as retail space to serve the needs of workers, travelers and residents.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Fiscal Officer, Miami Township, 2700 Lyons Road, Miamisburg, Ohio 45342.

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**MIAMI TOWNSHIP
MONTOMGERY COUNTY**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents & Investments	\$14,194,802
Total Assets	<u>14,194,802</u>
Net Position:	
Restricted for:	
Road & Bridge Projects	1,877,848
Police	670,418
Fire	5,436,391
Austin TIF	801,497
Other Programs	2,112,611
Unrestricted	3,296,037
Total Net Position	<u>\$14,194,802</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Position</u>
		<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:					
Current:					
General Government	\$1,305,295				(\$1,305,295)
Public Safety	9,989,283	\$11,035	\$1,769,577		(8,208,671)
Public Works	1,453,803	131,534	761,354		(560,915)
Health	904,642				(904,642)
Economic Development	325,576				(325,576)
Conservation-Recreation	643,360				(643,360)
Capital Outlay	2,807,863				(2,807,863)
Debt Service:					
Principal Retirement	20,658,153				(20,658,153)
Interest and Fiscal Charges	1,865,320				(1,865,320)
Total Governmental Activities	<u>39,953,295</u>	<u>142,569</u>	<u>2,530,931</u>		<u>(37,279,795)</u>
Total Primary Government	<u>\$39,953,295</u>	<u>\$142,569</u>	<u>\$2,530,931</u>	<u>\$0</u>	<u>(37,279,795)</u>
General Receipts:					
Property Taxes Levied for:					
General, Road & Bridge, Police and Fire Purposes					8,256,461
Capital Projects					206,123
Grants and Entitlements not Restricted to Specific Programs					1,975,275
Payments in Lieu of Taxes					2,349,686
Other Debt Proceeds					20,530,000
Sale of Capital Assets					10,714
Cable Franchise Fees					403,338
Earnings on Investments					171,497
Miscellaneous					242,372
Total General Receipts					<u>34,145,466</u>
Change in Net Position					(3,134,329)
Net Position Beginning of Year					<u>17,329,131</u>
Net Position End of Year					<u>\$14,194,802</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Road and Bridge Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Austin TIF Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Equity in Pooled Cash and Cash							
Equivalents and Investments	\$3,296,037	\$1,877,848	\$670,418	\$5,436,391	\$801,497	\$2,112,611	\$14,194,802
Total Assets	<u>3,296,037</u>	<u>1,877,848</u>	<u>670,418</u>	<u>5,436,391</u>	<u>801,497</u>	<u>2,112,611</u>	<u>14,194,802</u>
Fund Balances:							
Restricted		1,877,848	670,418	5,436,391	801,497	2,112,611	10,898,765
Assigned	602,166						602,166
Unassigned (Deficit)	2,693,871						2,693,871
Total Fund Balances	<u>\$3,296,037</u>	<u>\$1,877,848</u>	<u>\$670,418</u>	<u>\$5,436,391</u>	<u>\$801,497</u>	<u>\$2,112,611</u>	<u>\$14,194,802</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Road and Bridge Fund	Police Fund	Fire Fund	Austin TIF Fund	Other Governmental Funds	Total Governmental Funds
Receipts:							
Property and Other Local Taxes	\$488,093	\$1,180,122	\$2,039,502	\$3,637,987		\$910,757	\$8,256,461
Charges for Services		131,534		11,035			142,569
Licenses, Permits and Fees	403,338						403,338
Fines and Forfeitures			27,143			35,218	62,361
Intergovernmental	879,572	413,517	521,723	1,247,854		1,443,540	4,506,206
Special Assessments	18,491					187,632	206,123
Payments in Lieu of Taxes	150,000				\$1,203,381	996,305	2,349,686
Earnings on Investments	170,722					775	171,497
Miscellaneous	28,155	15,571	131,487	4,798			180,011
Total Receipts	2,138,371	1,740,744	2,719,855	4,901,674	1,203,381	3,574,227	16,278,252
Disbursements:							
Current:							
General Government	1,305,295						1,305,295
Public Safety			5,168,857	4,816,631		3,795	9,989,283
Public Works	25,146	1,412,831				15,826	1,453,803
Health						904,642	904,642
Economic Development	277,363					48,213	325,576
Conservation-Recreation	149,503					493,857	643,360
Capital Outlay	2,262	431,227	24,668		823,169	1,526,537	2,807,863
Debt Service:							
Principal Retirement	72,000	213,553		117,600	20,055,000	200,000	20,658,153
Interest and Fiscal Charges	117,287	277,722		197,674	475,000	797,637	1,865,320
Total Disbursements	1,948,856	2,335,333	5,193,525	5,131,905	21,353,169	3,990,507	39,953,295
Excess of Receipts Over (Under) Disbursements	189,515	(594,589)	(2,473,670)	(230,231)	(20,149,788)	(416,280)	(23,675,043)
Other Financing Sources (Uses):							
Sale of Capital Assets	10,714						10,714
Debt Proceeds					20,530,000		20,530,000
Transfers In						175,000	175,000
Transfers Out	(175,000)						(175,000)
Advances In	205,000						205,000
Advances Out						(205,000)	(205,000)
Total Other Financing Sources (Uses)	40,714				20,530,000	(30,000)	20,540,714
Net Change in Fund Balances	230,229	(594,589)	(2,473,670)	(230,231)	380,212	(446,280)	(3,134,329)
Fund Balances Beginning of Year	3,065,808	2,472,437	3,144,088	5,666,622	421,285	2,558,891	17,329,131
Fund Balances End of Year	<u>\$3,296,037</u>	<u>\$1,877,848</u>	<u>\$670,418</u>	<u>\$5,436,391</u>	<u>\$801,497</u>	<u>\$2,112,611</u>	<u>\$14,194,802</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**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>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$178,141	\$178,141	\$488,093	\$309,952
Licenses, Permits and Fees	526,510	526,510	403,338	(123,172)
Intergovernmental	814,623	812,314	879,572	67,258
Special Assessments	13,212	13,212	18,491	5,280
Payments in Lieu of Taxes			150,000	150,000
Interest	121,981	121,981	170,722	48,742
Other	20,117	20,117	28,155	8,038
Total Receipts	<u>1,674,584</u>	<u>1,672,275</u>	<u>2,138,371</u>	<u>466,096</u>
Disbursements:				
Current:				
General Government	2,342,633	2,342,633	1,360,125	982,508
Public Works	30,665	30,665	25,146	5,519
Economic Development	352,828	352,828	283,800	69,028
Conservation-Recreation	92,924	92,924	149,503	(56,579)
Capital Outlay			2,262	(2,262)
Debt Service:				
Principal Retirement			72,000	(72,000)
Interest and Fiscal Charges			117,297	(117,297)
Total Disbursements	<u>2,819,050</u>	<u>2,819,050</u>	<u>2,010,133</u>	<u>808,917</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,144,466)</u>	<u>(1,146,775)</u>	<u>128,238</u>	<u>1,275,013</u>
Other Financing Sources (Uses):				
Sale of Capital Assets			10,714	10,714
Transfers Out			(175,000)	(175,000)
Advances In			205,000	205,000
Total Other Financing Sources (Uses)			<u>40,714</u>	<u>40,714</u>
Net Change in Fund Balance	(1,144,466)	(1,146,775)	168,952	1,315,727
Fund Balance Beginning of Year	2,970,325	2,970,325	2,970,325	
Prior Year Encumbrances Appropriated	95,483	95,483	95,483	
Fund Balance End of Year	<u>\$1,921,342</u>	<u>\$1,919,033</u>	<u>\$3,234,760</u>	<u>\$1,315,727</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD & BRIDGE 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>		
Receipts:				
Property and Other Local Taxes	\$1,339,038	\$1,339,038	\$1,180,122	(\$158,916)
Charges for Services			131,534	131,534
Intergovernmental	1,857	1,857	413,517	411,660
Other	660	660	15,571	14,911
Total Receipts	<u>1,341,555</u>	<u>1,341,555</u>	<u>1,740,744</u>	<u>399,189</u>
Disbursements:				
Current:				
Public Works	2,053,367	2,053,367	1,423,641	629,726
Capital Outlay			431,227	(431,227)
Debt Service:				
Principal Retirement			213,553	(213,553)
Interest and Fiscal Charges			277,722	(277,722)
Total Disbursements	<u>2,053,367</u>	<u>2,053,367</u>	<u>2,346,143</u>	<u>(292,776)</u>
Excess of Receipts Over (Under) Disbursements	<u>(711,812)</u>	<u>(711,812)</u>	<u>(605,399)</u>	<u>106,413</u>
Net Change in Fund Balance	(711,812)	(711,812)	(605,399)	106,413
Fund Balance Beginning of Year	1,710,273	1,710,273	1,710,273	
Prior Year Encumbrances Appropriated	<u>762,164</u>	<u>762,164</u>	<u>762,164</u>	
Unencumbered Fund Balance End of Year	<u>\$1,760,625</u>	<u>\$1,760,625</u>	<u>\$1,867,038</u>	<u>\$106,413</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
POLICE 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>		
Receipts:				
Property and Other Local Taxes	\$2,309,715	\$2,309,715	\$2,039,502	(\$270,213)
Fines and Forfeitures	5,260	5,260	27,143	21,883
Intergovernmental	101,097	101,097	521,723	420,626
Other	25,479	25,479	131,487	106,008
Total Receipts	<u>2,441,551</u>	<u>2,441,551</u>	<u>2,719,855</u>	<u>278,304</u>
Disbursements:				
Current:				
Public Safety	5,218,892	5,218,892	5,211,678	7,214
Capital Outlay			24,668	(24,668)
Debt Service:				
Total Disbursements	<u>5,218,892</u>	<u>5,218,892</u>	<u>5,236,346</u>	<u>(17,454)</u>
Excess of Receipts Over (Under) Disbursements	<u>(2,777,341)</u>	<u>(2,777,341)</u>	<u>(2,516,491)</u>	<u>260,850</u>
Net Change in Fund Balance	(2,777,341)	(2,777,341)	(2,516,491)	260,850
Fund Balance Beginning of Year	3,091,303	3,091,303	3,091,303	
Prior Year Encumbrances Appropriated	<u>52,785</u>	<u>52,785</u>	<u>52,785</u>	
Fund Balance End of Year	<u>\$366,747</u>	<u>\$366,747</u>	<u>\$627,597</u>	<u>\$260,850</u>

See accompanying notes to the basic financial statements.

**Miami Township
Montgomery County, Ohio**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund**

For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$4,128,615	\$4,128,615	\$3,637,987	(\$490,628)
Charges for Services			11,035	11,035
Intergovernmental			1,247,854	1,247,854
Miscellaneous			4,798	4,798
Total Receipts	<u>4,128,615</u>	<u>4,128,615</u>	<u>4,901,674</u>	<u>773,059</u>
Disbursements:				
Current:				
Public Safety	4,673,194	4,673,194	4,816,631	(143,437)
Principal Retirement			117,600	(117,600)
Interest and Fiscal Charges			197,674	(197,674)
Total Disbursements	<u>4,673,194</u>	<u>4,673,194</u>	<u>5,131,905</u>	<u>(458,711)</u>
Excess of Receipts Over (Under) Disbursements	<u>(544,579)</u>	<u>(544,579)</u>	<u>(230,231)</u>	<u>314,348</u>
Net Change in Fund Balance	(544,579)	(544,579)	(230,231)	314,348
Fund Balance Beginning of Year	5,395,354	5,395,354	5,395,354	
Prior Year Encumbrances Appropriated	<u>271,268</u>	<u>271,268</u>	<u>271,268</u>	
Fund Balance End of Year	<u>\$5,122,043</u>	<u>\$5,122,043</u>	<u>\$5,436,391</u>	<u>\$314,348</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AUSTIN TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Payments in Lieu of Taxes		\$1,460,684	\$1,203,381	(\$257,303)
Total Receipts		<u>1,460,684</u>	<u>1,203,381</u>	<u>(257,303)</u>
Disbursements:				
 Current:				
Capital Outlay		1,198,564	823,169	375,395
 Debt Service:				
Principal Retirement			20,055,000	(20,055,000)
Interest and Fiscal Charges			475,000	(475,000)
Total Disbursements		<u>1,198,564</u>	<u>21,353,169</u>	<u>(20,154,605)</u>
Excess of Receipts Over (Under) Disbursements		<u>262,120</u>	<u>(20,149,788)</u>	<u>(20,411,908)</u>
Other Financing Sources (Uses):				
Sale of Bonds			20,530,000	20,530,000
Total Other Financing Sources (Uses)			<u>20,530,000</u>	<u>20,530,000</u>
Net Change in Fund Balance		262,120	380,212	118,092
Fund Balance Beginning of Year	\$404,331	404,331	404,331	
Prior Year Encumbrances Appropriated	<u>16,954</u>	<u>16,954</u>	<u>16,954</u>	
Fund Balance End of Year	<u>\$421,285</u>	<u>\$683,405</u>	<u>\$801,497</u>	<u>\$118,092</u>

See accompanying notes to the basic financial statements.

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**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. REPORTING ENTITY

Miami Township, Montgomery County, Ohio (the Township), is a body politic and corporate established in 1829 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 general government services, maintenance of Township roads and bridges, police protection and waste collection.

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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, accessible to the Township, and significant in amount to the Township.

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

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the *modified* cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in four jointly governed organizations and one public entity risk pool. Notes 7, 14 and 15 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

The Miami Township – City of Dayton Joint Economic Development District – This organization is the result of an agreement between the Township and the City of Dayton to promote economic development activities in a geographic area located in Miami Township and includes the Dayton – Wright Brothers Airport, which is owned by the City of Dayton.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

1. REPORTING ENTITY (Continued)

The Miami Township – Dayton Mall Joint Economic Development District – This organization is the result of an agreement between the Township and the City of Miamisburg to promote economic development activities in a geographic area located in Miami Township.

The Austin Center – Joint Economic Development District – This organization is the result of an agreement between the Township and the City of Miamisburg, the City of Springboro and Montgomery County to promote economic development activities in a geographic area located in Miami Township.

Miami Valley Joint Fire District – This organization is the result of an agreement between the Township and the City of Miamisburg to provide fire and emergency medical services to the citizens of Miamisburg and Miami Township. The District is a jointly governed organization between the City and the Township.

Public Entity Risk Pool:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a *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.

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.

1. 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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are 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 or business-type activity is self-financing on a *modified* cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds 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. Non-major 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.

- 1. Governmental Funds:** The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Township's major governmental funds:

General – The general fund accounts for and reports all financial resources not accounted for and reported 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.

Police Fund – The Police Fund receives property tax money for operating and maintaining the police department and the purchase of equipment.

Fire Fund – The Fire Fund receives property tax money for operating and maintaining the fire department and the purchase of equipment.

Road and Bridge Fund – The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Austin East TIF – The Austin East TIF Fund receives payments in lieu of taxes for properties under tax increment financing agreements located within the Austin Road Interchange district.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted, committed or assigned 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, except agency 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 each office, department and division and within each the amount appropriated for personal services within each fund.

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 certificate 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

Township records identify the purchase of specific investments by specific funds.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Cash Equivalents 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 or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2013, the Township invested in negotiable certificates of deposit, Federal National Mortgage Association bonds, Federal Home Loan Bank bonds, Federal Farm Credit Bank notes, money market mutual funds, and STAR Ohio. The negotiable certificates of deposit, Federal National Mortgage Association bonds, Federal Home Loan Bank bonds, Federal Farm Credit Bank notes are reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by Morgan Stanley Smith Barney on December 31, 2013.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

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 was \$170,722.

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 are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent cash from debt issues restricted for project development or construction costs; specific levies for police, fire, road and bridge; and tax increment financing agreements.

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. Inter-fund Receivables/Payables

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

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare 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 and capital leases are reported with cash is received or the capital lease is initiated 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 police and fire protection, road and bridge maintenance, and tax increment financing.

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.

Net position restricted at December 31, 2013 amounted to \$10,898,765.

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:

- **Non-spendable** – The non-spendable 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 inter-fund 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 such as levies for police protection, fire protection, road and bridge maintenance and tax increment financing agreements.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.
- **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. Inter-fund 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 inter-fund transfers. Inter-fund 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. COMPLIANCE

Accountability and Compliance

Although fund balances were positive as of year-end, during the course of 2013, amended appropriations were not properly documented. As a result, some funds accrued negative balances during the year, contrary to Ohio Rev. Code Section 5705.10(I). Funds from the General Fund were not temporarily transferred to keep the restricted funds from accruing a negative balance. Expenditures in some funds exceeded the amount originally appropriated and budgeted, and some appropriations exceeded the estimated resources, contrary to Ohio Rev. Code Sections 5705.41(B) and 5705.39. In addition the township maintained reserve balance accounts for more than five years without formally re-establishing these accounts by separate resolution, contrary to Ohio Rev. Code Section 5705.132. The reserve accounts were reflected in the accounting records of the township and reported to the Trustees at least annually through the budget and appropriation process.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

3. COMPLIANCE (Continued)

To ensure appropriations are adequate, properly processed and documented, department heads and the Finance Department monitor fund balances throughout the year for potential negative balance situations. Amended appropriations and revisions to estimated resources are considered when necessary and submitted to the County Auditor for recording.

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 – Budget Basis presented for the general fund, the police fund, the fire fund, the Austin – TIF fund, and the road and bridge fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the *modified* cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis) and outstanding year end advances are treated as an other financing source or use (budget basis) rather than as an inter-fund receivable or payable (*modified* cash basis). The encumbrances outstanding at year end (budget basis) amounted to \$61,266 for the general fund, \$42,821 for the police fund, and \$10,810 for the road and bridge fund.

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
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC 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 two 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).
8. Commercial paper and bankers acceptances, with appropriate limitations based in completion of ORC training requirements.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. 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, \$1,186,200 of the Township's bank balance of \$1,436,200 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
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

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

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>		
		<u>Less than 1</u>	<u>1 – 2</u>	<u>3 – 5</u>
FHLB	\$2,230,000			\$2,230,000
FNMA	1,049,000			1,049,000
FFCB	1,000,000			1,000,000
Money Market Fund	183,131	\$183,131		
Bank Certificates of Deposit	8,892,000	1,726,000	\$1,885,000	5,281,000
STAR Ohio	174	174		
Total Investments	<u>\$13,354,305</u>	<u>\$1,909,305</u>	<u>\$1,885,000</u>	<u>\$9,560,000</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's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk - The security underlying the Federal National Mortgage Association notes, Federal Home Loan Bank notes and the Federal Farm Credit Bank notes carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The money market fund carries a rating of AAA by Moody's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association notes, Federal Home Loan Bank notes and the Federal Farm Credit Bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2013:

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Investment Issuer	Percentage of Investments
Bank Certificates of Deposit	67.5%
Federal Home Loan Bank	16.9%
Federal Farm Credit Bank	7.6%
Federal National Mortgage Association	8.0%

6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal 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% 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% 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.

The full tax rate for all Township operations for the year ended December 31, 2013, was \$14.85 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:

	Assessed Value
Real Property	\$594,433,800
Public Utility Property	15,510,360
Total Assessed Value	\$609,944,160

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

7. 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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

A. Casualty and Property Coverage

The Pool is a member of American Public Entities 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 \$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.

B. 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 (the latest information available):

	2013	2012
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Assets	\$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 \$76,000.

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.

Contributions to OTARMA	
2013	2012
\$138,138	\$140,936

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

8. DEFINED BENEFIT PENSION PLAN

A. 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, but less than, 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 and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the State and local divisions and 12% for public safety and 12.6% for law enforcement members. For the year ended December 31, 2013, members in the state and local divisions contributed 10% of covered payroll and law enforcement members contributed 12.6%. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The Township's 2013 contribution rate was 14% except for those plan members in law enforcement for whom the Township's contribution was 18.1% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. OPERS reported that the portion of employer contribution allocated to health care for members was 1.0% in 2013. Employer contribution rates are actuarially determined.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were: \$708,017; \$710,742; and \$693,432 respectively which were equal to the required contributions for each year.

B. Ohio Police and Fire Pension Fund

Effective with the establishment of the Miami Valley Fire District in June 2012, no township employees participate in the Ohio Police and Fire Pension Fund. The police officers participate in OPERS.

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 – The Ohio Revised Code requires plan members to contribute 10% of their annual covered salary, while employers are required to contribute 24% for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The Township's contributions to OP&F for fire pension totaled \$290,874 for the year ended December 31, 2012, and \$484,025 for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011.

9. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 mandate, 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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

Disclosures for the health care plan are presented separately in the 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 administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's OPERS contribution 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% of covered payroll and law enforcement employers contributed at 18.1%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units and 18.1% of covered payroll for law enforcement employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. According to OPERS, 4% of the employer contribution was applied toward health care funding in 2011 and 2012. For 2013 that rate dropped to 1%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$43,242, \$169,022 and \$235,274 respectively. The township's full contribution (100%) was paid for each of those 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 on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over an eight year period beginning on January 1, 2006, with a final rate increase on January 1, 2014. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Effective with the establishment of the Miami Valley Fire District in June 2012, no township employees participate in the Ohio Police and Fire Pension Fund. The police officers participate in OPERS.

Plan Description – 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 and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. 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 health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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 – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24% of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% 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 Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare 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 firefighters were \$81,735 for year-end 2012; \$136,011 for year-end 2011. The full amount has been contributed for 2012 and 2011.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

10. NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2013, follows:

Governmental Activities	Outstanding 12/31/2012	Additions	Deletions	Outstanding 12/31/2013
Park Acquisition and Improvement Note	\$1,260,000	\$3,300,000	\$1,260,000	\$3,300,000
Recreational Trail Acquisition and Improvement Notes	5,705,000	5,785,000	5,705,000	5,785,000
Transportation Improvement Note	11,265,000	11,445,000	11,265,000	11,445,000
Byers Road	1,267,297			1,267,297
Total	\$19,497,297	\$20,530,000	\$18,230,000	\$21,797,297

In March 2013, the Township issued Recreational Trail Acquisition and Improvement Notes, Series 2013, in the anticipation of the issuance of bonds to pay the costs of acquiring and constructing a recreational trail. The notes carry an interest rate of 1.375% and mature on February 12, 2014.

In March 2013, the Township issued Park Acquisition and Improvement Notes, Series 2013, in the anticipation of the issuance of bonds to pay the costs of park improvements and equipment. The notes carry an interest rate of 1.375% and mature on February 12, 2014.

In March 2013, the Township issued Transportation Improvement Notes, Series 2013, in the anticipation of the issuance of bonds to pay the costs, in cooperation with the Montgomery County Transportation Improvement District, of transportation improvement construction projects related to the Austin Landing Phase II project. The notes carry an interest rate of 1.375% and mature on February 12, 2014.

In October 2011, the Montgomery County Transportation Improvement District made the final draw on the State Infrastructure Loan for construction of the Byers Road improvements. The bonds were issued for a ten year period with a final maturity of January 31, 2021. The bonds will be retired from the TIF revenues pledged by Miami Township and the City of Miamisburg from the development area and pay interest at 3% with the first twelve months being interest free and the next year's interest of \$75,330 accrued and paid over the remaining eight years.

11. DEBT

The Township's long-term debt activity for the year ended December 31, 2013, was as follows:

Governmental Activities	Amount Outstanding 12/31/2012	Additions	Deletions	Amount Outstanding 12/31/2013	Amounts Due in One Year
Bonds:					
General Obligation Bonds	\$8,005,000		\$280,000	\$7,725,000	\$290,00
Capital Leases:					
Certificates of Participation Series 2010A	2,025,000		\$2,025,000		
2005 Administration Building	2,676,000		72,000	2,604,000	188,767
2012 Street Sweeper	208,235		51,153	157,082	55,506
Total	\$12,914,235	\$0	\$2,428,153	\$10,486,082	\$534,273

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. DEBT (Continued)

In 2010 the Township issued Various Purpose Limited Tax General Obligation Bonds, Taxable Series 2010B, in the amount of \$8,550,000 for the purpose of constructing a public works facility and a fire station.

The general obligation bonds are supported by the full faith and credit of the Township and are payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

Year Ended December 31:	Principal	Interest	Total
2014	\$290,000	\$461,553	\$751,553
2015	300,000	450,823	750,823
2016	320,000	438,223	758,223
2017	325,000	423,183	748,183
2018	350,000	407,095	757,095
2019 – 2023	2,030,000	1,723,973	3,753,973
2024 – 2028	2,745,000	1,016,193	3,761,193
2029 – 2030	1,365,000	137,655	1,502,655
Total	<u>\$7,725,000</u>	<u>\$5,058,698</u>	<u>\$12,783,648</u>

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 amount equal to 10.5% of its tax valuation.

12. LEASES

During 2005, the Township entered into a capital lease for the construction of an administration building in the amount of \$3,118,000. Amortization of the remaining lease, including interest is scheduled as follows:

Year Ended December 31:	Amount
2014	\$188,766
2015	189,452
2016	189,604
2017	189,404
2018	190,084
2019 – 2023	849,336
2024 – 2028	947,632
2029 – 2033	947,890
2034 – 2035	379,440
Total Minimum Lease Payments	<u>\$4,170,608</u>
LESS: Interest	<u>(1,566,608)</u>
Present Value	<u>\$2,604,000</u>

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

12. LEASES (Continued)

During 2012, the Township entered into a capital lease for a street sweeper in the amount of \$208,235, which includes the cost of issuance. Amortization of the remaining lease, including interest, is scheduled as follows:

Year Ended December 31:	Amount
2014	\$55,506
2015	55,506
2016	55,506
Total Minimum Lease Payments	\$166,518
LESS: Interest	(9,185)
Present Value	\$157,333

13. TIF DISTRICT REVENUE PLEDGE

In September 2008, the Township and the Montgomery County Transportation Improvement District (MCTID) entered into an intergovernmental agreement related to the financing of a tax increment financing district (TIF District) established for the re-alignment and improvement to Lyons Ridge and Kingsridge Drives in the vicinity of the Dayton Mall. The agreement requires the MCTID to make various improvements to the TIF District located within the Township. Funding for the project was obtained by the MCTID through the issuance of \$4,885,000 of special obligation bonds.

In March 2010, the Township and the MCTID entered into an intergovernmental agreement related to the financing of a TIF District established for the Austin Landing Project. The agreement requires the MCTID to make improvements to the TIF District located within the Township. Funding for the project was obtained by the MCTID through the issuance of \$9,220,000 of special obligation bonds.

In July 2010, the Township and the MCTID along with two other jurisdictions entered into an intergovernmental agreement related to the TIF District established for the construction of the Austin Road Interchange and Related Projects. The MCTID made various improvements to the TIF District. Funding for the project was obtained by the MCTID through the issuance of \$20,335,000 of special obligation bonds.

As a result of the above agreements, the Township has pledged to the MCTID, the future payments in lieu of taxes (PILOTS) made by the property owners residing within the boundaries of the above mentioned areas in amounts equal to meet the debt service requirement of the bonds issued by and to be paid by the MCTID, as follows:

Year Ended December 31:	Lyons Ridge/ Kingsridge	Austin Landing	Austin Road	Total
2014	\$398,300	\$844,234	\$796,000	\$2,038,534
2015	410,300	941,634	793,750	2,045,684
2016	406,500	842,574	795,750	2,044,824
2017	402,500	841,019	796,750	2,040,269
2018	401,575	843,019	794,750	2,039,344
2019 – 2023	2,030,350	3,518,074	3,977,925	9,526,349
2024 – 2028	2,036,025	4,903,889	3,983,350	10,923,264
2029 – 2033		842,338	3,986,000	4,828,338
Total Principal + Interest	\$6,085,550	\$13,476,781	\$15,924,275	\$35,486,606

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

14. PUBLIC ENTITY RISK POOL

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

15. JOINTLY GOVERNED ORGANIZATIONS

The Miami Township – City of Dayton Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the City Commissions under the provisions of Sections 715.72 – 715.83 of the Ohio Revised Code, on January 1, 2007. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Commission; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Commission with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Commission; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township and includes the Dayton-Wright Brothers Airport, which is owned by the City of Dayton.

The Miami Township – Dayton Mall Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the Miamisburg City Council under the provisions of Sections 715.72 – 715.83 of the Ohio Revised Code, on June 11, 2009. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Council; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Council with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Council; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township.

The Austin Center – Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees, the City of Miamisburg, the City of Springboro and Montgomery County under the provisions of Sections 715.72 – 715.83 of the Ohio Revised Code, effective September 1, 2009. The District operates under the direction of a five member Board of Directors. By law the Board is comprised of one member appointed by each of the respective entities and one member representing the owners of the businesses located in the District, appointed by a majority of the four appointed board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Miami Valley Joint Fire District – is a political body incorporated and established by Miami Township and the City of Miamisburg in accordance with Section 505.371 of the Ohio Revised Code. The District was formed on August 31, 2011, and operations began June 11, 2012. The District provides fire and emergency medical services to the citizens of Miamisburg and Miami Township. By-laws were adopted by the District and allow for a five member governing Board of Trustees. The City appoints two trustees, the Township appoints two trustees and one trustee is selected by the total membership of the Board of Trustees. Funding for the District is provided by levy funds and general fund monies of the City and Township. It is the intention of the District to ultimately pursue a levy of taxes in an amount to replace the existing Township and City levies for the operation of the District.

The By-laws provide for an Operational Oversight Committee which is occupied by the City Manager and Township Administrator. This committee will review and comment on all budget proposals, personnel policy and operational and procedural matters, with the final budget approved by City Council and Township Trustees. The City does not have an equity interest in the Miami Valley Joint Fire District.

16. FUND BALANCES

Fund balance is classified as non-spendable, 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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road & Bridge Fund	Police Fund	Fire Fund	Austin TIF Funds	Other Governmental Funds	Total
Restricted for:							
Road and Bridge		1,\$877,848					\$1,877,848
Public Safety			\$670,418	\$5,436,391			6,106,809
Other					\$801,497	\$2,112,611	2,914,108
Total Restricted		<u>1,877,848</u>	<u>670,418</u>	<u>5,436,391</u>	<u>801,497</u>	<u>2,112,611</u>	<u>10,898,765</u>
Assigned to:							
General Fund	\$602,166						602,166
Total Assigned	<u>602,166</u>						<u>602,166</u>
Unassigned (Deficit)	2,693,871						2,693,871
Total Fund Balances	<u>\$3,296,037</u>	<u>\$1,877,848</u>	<u>\$670,418</u>	<u>\$5,436,391</u>	<u>\$801,497</u>	<u>\$2,112,611</u>	<u>\$14,194,802</u>

17. SUBSEQUENT EVENTS

On February 12, 2014, the Township issued a Transportation Improvement Note, Series 2014 in the amount of \$11,435,000 that matures on February 11, 2015 with an interest rate of 1.25 percent. Proceeds were used to retire the Transportation Improvement Note, Series 2013, in the amount of \$11,445,000 plus interest and cost of issuance.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

17. SUBSEQUENT EVENTS (Continued)

On February 12, 2014, the Township issued Park Acquisition and Improvement Notes, Series 2014 in the amount of \$2,955,000 and Recreational Trail Acquisition and Improvement Notes, Series 2014 in the amount of \$3,360,000. Both notes mature on February 13, 2015, with an interest rate of 1.25 percent. Proceeds were used to retire the Park Acquisition and Improvement Notes, Series 2013 in the amount of \$5,785,000 and Recreational Trail Acquisition and Improvement Notes, Series 2013 in the amount of \$3,300,000 plus interest and the cost of issuance.

18. CONTINGENT LIABILITIES

The Township is party to various legal proceedings seeking damages. Township management is of the opinion that the ultimate disposition of the various claims and legal proceedings will not have a material effect, if any, on the financial statements of the Township. The Township also participates in various grant programs which may be subject to financial and compliance audits by the grantor or their representative. Any disallowed claims resulting from such audits could become a liability of the Township. However in the opinion of management will not have a material adverse affect on the overall financial position of the Township at December 31, 2014.



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
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

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 modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Miami Township, Montgomery County, (the Township) as of and for the years ended December 31, 2014 and 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 October 25, 2016, 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-005 through 2014-008 to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 through 2014-004.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2016

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance – Reserve Balance Accounts

Ohio Rev. Code §5705.132 states that in addition to any reserve balance account established under section 5705.13 of the Revised Code, a board of township trustees, by resolution, may establish a reserve balance account to accumulate currently available resources for any purpose for which the board may lawfully expend money of the township other than for the purposes for which a reserve balance account may be established under section 5705.13 of the Revised Code. Money may be transferred to the reserve balance account from another fund or account of the township only if money in that fund or account may lawfully be expended for the purpose for which the reserve balance account is created. A reserve balance account created under this section may exist for not more than five fiscal years beginning with the first fiscal year in which money is credited to the account. The total amount of money to the credit of all reserve balance accounts established under this section at any time in any fiscal year shall not exceed five per cent of the total of the township's revenue from all sources for the preceding fiscal year and any unencumbered balances carried over to the current fiscal year from the preceding fiscal year. Money in a reserve balance account shall be expended only for the purpose for which the account is established. More than one reserve balance account may be established under this section.

The resolution establishing a reserve balance account shall state the specific purpose for which the account is established, the fund within which the account is established, the fund or account from which money shall be transferred to the account, and the number of years the account will exist. The resolution shall specify the maximum total amount of money that may be credited to the account during its existence and the maximum amount of money to be credited to the account each fiscal year the account exists. The board, by subsequent resolution, may change the amount to be credited and the source from which money is transferred, subject to the limitations of this section.

The board, by resolution, may rescind a reserve balance account established under this section before the expiration of the account. The board, by resolution, may extend the life of a reserve balance account, provided that the total number of years the fund exists shall not exceed five fiscal years beginning with the first fiscal year in which money is credited to the account.

Upon the expiration or rescission of a reserve balance account established under this section, any unexpended balance in the account shall be transferred to the fund or account from which money in the account was originally transferred. If money in the account originally was transferred from more than one fund or account, a pro rata share of the unexpended balance shall be transferred to each such fund or account proportionate to the amount originally transferred from that fund or account.

The Township established several reserve balance accounts in fiscal year 2000. These accounts are still on the Township's accounting records, well past the five year limitation on reserve balance accounts. It was not determinable which funds should be repaid the balances of the reserve balance accounts.

The Township should research the activity of its reserve funds to determine which funds should receive the balances and post adjustments accordingly to the accounting system to bring the funds into compliance.

Official's Response: Management will develop and implement procedures to ensure reserve balances are properly identified, monitored, and documented as required by Ohio Revised Code. Management believes the reserve balance accounts are a prudent risk management practice. The annual budget document provided to the Trustees reflects the amount recorded for each separate reserve fund. The reserve balances will continue to be communicated to the Trustees as part of the annual appropriation process.

FINDING NUMBER 2014-002

Noncompliance – Expenditures Exceeding Appropriations

Ohio Rev. Code §5705.41(B) states that no taxing authority shall make any expenditures of money unless it has been appropriated as provided in such chapter.

Ohio Rev. Code §5705.39 states that no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

During the fiscal years under audit, the Township did not submit amended appropriation measures timely with the County Auditor's office, resulting in the appropriation resolutions not being effective appropriation measures. As such, expenditures plus outstanding encumbrances exceeded appropriations in the following funds and amounts during fiscal years 2013 and 2014:

Year	Fund	Expenditures and Encumbrances	Appropriations	Excess
2013	Gas Tax Fund	\$1,636,089	\$571,747	\$1,064,342
2013	Police Fund	\$5,236,346	\$5,218,892	\$17,454
2013	Fire Fund	\$4,730,949	\$4,673,194	\$57,755
2013	Waldruhe Park Fund	\$18,786	\$15,000	\$3,786
2013	City of Dayton JEDD Fund	\$48,213	\$35,000	\$13,213
2014	Lighting Assessment Fund	\$210,709	\$200,000	\$10,709

Based upon audit adjustments made as noted in Finding 2014-008, the Budgetary Schedules for Fire Austin TIF funds in 2014 and the Road and Bridge, Fire, and Austin TIF funds in 2013 reflected additional noncompliance with Ohio Rev. Code Section 5705.41(B).

The Township should take steps to verify appropriations are being properly submitted and monitored. No expenditure should be made unless funds have been sufficiently appropriated. Failure to modify and properly file appropriations may result in overspending and negative fund balances.

Official's Response: Management will develop and implement procedures to ensure revised appropriations are properly documented and filed with the county auditor. Established procedures for reviewing and approving expenditures will continue to help ensure prudent deployment of the township's limited resources.

Management believes that significant contributing factors to the noted errors were an unexpected staff reduction and a prolonged vacancy in the Finance Director position. These conditions resulted in a lack of resources to effectively monitor transactions associated with an annual operating budget of approximately \$19 million and the impact of those transactions on the interim fund balances.

Currently, management monitors the financial position of the township as well as expenditure activity at the department level. Budgets are prepared, reviewed and established in preparation for the annual appropriation process. Appropriations are then approved by the Trustees. Through the budget and variance processes, department heads are accountable for their expenditures. The department heads are also responsible for adjusting their expenditures as needed in relation to tax collection rates.

Throughout the year, expenditures are approved by the department heads who are then responsible for explaining any budget variances that may develop throughout the year. When unexpected expenditures are identified, the department head and Finance work together to determine appropriate responses such as spending reductions in other areas or submitting an amended appropriation request to the Trustees.

FINDING NUMBER 2014-003

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Rev. Code §5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources for fiscal years 2013 and 2014 in the following funds and amounts:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
2013	Waste Disposal Fund	\$1,554,483	\$588,607	\$965,876
2013	Clean Ohio Fund	\$40,000	\$29,470	\$10,530
2014	Gasoline Tax Fund	\$1,111,566	\$294,168	\$817,398
2014	Police Fund	\$6,250,680	\$6,124,185	\$126,495

Total appropriations exceeding estimated resources could result in overspending and negative fund balances. The use of budgetary information as part of the expenditure process is an important internal control to help control spending and preventing the Township from spending more than their resources. The Township should institute budgetary controls that restrict spending in each fund to the resources available to each fund.

Official’s Response: Management will develop and implement procedures to ensure appropriation amounts recorded in the accounting system, and filed with the county auditor, do not exceed estimated available resources throughout the year. Whenever estimated resources are lowered the appropriation level will be formally adjusted within the accounting system.

Management has effectively relied upon budget monitoring and review and approval of expenditures to manage the township’s limited resources. As funding for specific programs and services are reduced or eliminated, corresponding spending reductions are implemented to minimize the risk of overspending available resources.

FINDING NUMBER 2014-004

Noncompliance – Negative Fund Balances

Ohio Rev. Code §5705.10(I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Township allowed several funds to accrue interim negative fund balances during the years under audit [fund balances were positive at year end]. The largest interim negative balances are shown below:

<u>Year</u>	<u>Fund</u>	<u>Amount Negative</u>
2013	Fund 03 - Gas Tax	\$397,922
2013	Fund 05 - Public Works	\$2,329,246
2013	Fund 06 - Fire Station	\$1,312,432
2013	Fund 08 - Garbage & Waste	\$365,750
2013	Fund 09 - Police District	\$664,329
2013	Fund 10 - Fire District	\$610,006
2014	Fund 09 - Police District	\$357,532

Interim negative balances could lead to funds being used for a purpose for which they are not legally available or fund-level solvency issues.

**FINDING NUMBER 2014-004
(Continued)**

The Township should institute controls that periodically monitor and report on interim fund spending. The Township should compare fund spending to fund balance and appropriations during the year to ensure that resources used to cover interim fund balances are available for purposes consistent with funds that carry negative balances.

Official's Response: Management will develop and implement procedures to prevent negative fund balances from occurring. Management has reasonably relied upon established budget monitoring and expenditure oversight and approval processes to ensure funds are not inappropriately expended. However, during the audit period, oversight of the fund balances was inconsistent due to unexpected staffing reductions.

FINDING NUMBER 2014-005

Material Weakness – GASB 54

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Township did not accurately apply Governmental Accounting Standards Board (GASB) Statement number 54 (GASB Codification 1800) when classifying December 31, 2013 and 2014 fund balances. These misclassifications are noted below:

2013 General Fund

Ending Assigned Fund Balance was understated by \$540,900.
Ending Unassigned Fund Balance was overstated by \$540,900.

2014 General Fund

Ending Assigned Fund Balance was understated by \$543,071.
Ending Unassigned Fund Balance was overstated by \$543,071.

Adjustments to correct the errors above are reflected in the financial statements.

When fund balances are not accurately classified, Township officials and management do not have accurate information as to the amount of fund balances that are restricted or committed for specific purposes. The Township should develop and implement procedures to ensure accurate accounting for year-end fund balances. The Township should also review Auditor of State Bulletin 2011-004 for guidelines in classifying fund balances in accordance with GASB Statement number 54.

Official's Response: Management will develop and implement procedures to ensure on-going compliance with GASB 54 requirements. Specifically the identification and recognition of assigned balances will be developed and implemented by 12/31/2016. Management has reasonably relied upon established budget monitoring and expenditure oversight and approval processes to ensure funds are not inappropriately expended. Implementing GASB 54 controls will further strengthen that oversight.

FINDING NUMBER 2014-006

Material Weakness – Posting Budgetary Activity to the Accounting System

Part of a sound control environment includes monitoring activities. In the case of operations, monitoring expected results versus actual results can be effective to identify possible areas of cost overrun, inefficiencies, and possible non-compliance with Ohio Revised Code governing budgetary laws.

FINDING NUMBER 2014-006
(Continued)

The approved estimated resources and appropriations did not match the estimated resources and appropriations posted to the accounting system as follows below:

Fund #	Fund Name	2013 Final Estimated Receipts	2013 Accounting System Estimated Resources	Variance
01	General	\$1,672,275	\$1,863,698	\$191,423
04	Road & Bridge	\$1,341,555	\$1,631,000	\$289,445
05	Public Works		\$120,677	\$120,677
06	Fire Station		\$87,386	\$87,386
08	Garbage & Waste	\$692,914	\$727,936	\$35,022
09	Police District	\$2,441,551	\$2,607,809	\$166,258
10	Fire District	\$4,128,615	\$4,425,802	\$297,187
07	Lighting Assessment	\$112,000	\$115,000	\$3,000
36	Austin East TIF	\$1,460,684	\$1,092,061	(\$368,623)
37	Dayton Mall TIF	\$1,117,951	\$1,241,290	\$123,339

Fund #	Fund Name	2013 Final Appropriations	2013 Accounting System Appropriations	Variance
01	General	\$2,819,050	\$1,973,706	(\$845,344)
02	MVLT	\$100,000		(\$100,000)
03	Gas Tax	\$571,747		(\$571,747)
04	Road and Bridge	\$2,053,367	\$2,079,133	\$25,766
08	Garbage & Waste	\$1,554,483	\$1,445,483	(\$109,000)
09	Police District	\$5,218,892	\$5,218,697	(\$195)
17	Waldruhe Park Trust	\$15,000		(\$15,000)
20	Clean Ohio Grant	\$40,000		(\$40,000)
23	Permissive Tax	\$200,000		(\$200,000)
34	MT/COD JEDD	\$35,000		(\$35,000)
36	Austin East TIF	\$1,198,564		(\$1,198,564)
37	Dayton Mall TIF	\$1,415,802		(\$1,415,802)

Fund #	Fund Name	2014 Final Estimated Receipts	2014 Accounting System Estimated Resources	Variance
01	General	\$1,549,488	\$1,572,624	\$23,136
04	Road & Bridge	\$1,468,056	\$1,631,000	\$162,944
08	Garbage & Waste		\$720,000	\$720,000
09	Police District	\$5,453,767	\$5,474,111	\$20,344
29	Capital Project Reserve		\$68,100	\$68,100

Fund #	Fund Name	2014 Final Appropriations	2014 Accounting System Appropriations	Variance
01	General	\$2,611,017	\$2,400,789	(\$210,228)
02	MVLT	\$100,000		(\$100,000)
03	Gas Tax	\$1,111,566		(\$1,111,566)
04	Road and Bridge	\$2,271,527	\$1,338,117	(\$933,410)
07	Lighting Assessment	\$200,000	\$115,000	(\$85,000)
08	Garbage and Waste	\$42,289	\$4,882,149	\$4,839,860
09	Police District	\$6,250,680	\$6,218,542	(\$32,138)
10	Fire District	\$4,749,526	\$479,526	(\$4,270,000)
17	Waldruhe Park Trust	\$50,000		(\$50,000)
26	State Seizure	\$32,833		(\$32,833)
34	Miami Twp/CoD JEDD	\$38,000		(\$38,000)

**FINDING NUMBER 2014-006
(Continued)**

Posting inaccurate budgetary data to the accounting system could result in making financial decisions based on erroneous data.

The Township should develop and implement controls that reconcile the posting of budgetary data to the accounting system to the source documentation that establishes the estimated receipts and appropriations and amendments to these measures as they are passed.

Official's Response: Management will develop and implement procedures to ensure that the approved budget detail is accurately recorded in the accounting system. The Department Heads continue to actively monitor their respective budgets and the new Finance Director has implemented periodic variance monitoring to obtain necessary feedback for appropriate response. Expenditures are reviewed and approved by the Department Head prior to any payment being requested. Implementing this recommendation will further enhance management's ability to ensure expenditures do not exceed available funding.

FINDING NUMBER 2014-007

Material Weakness – Cash Reconciliations

In order to assist the Township Board of Trustees in making informed decisions for the benefit of the Township, the Finance Director should provide the Board with timely and accurate financial reports at least on a monthly basis. Lack of oversight controls over the Finance Director resulted in errors in processing accounting information remaining unnoticed. Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the accounting system provide reasonable assurance that all receipts and expenditures have been correctly posted in the accounting system and have been correctly posted by the bank. The Finance Director did not complete any reconciliations during 2013 or 2014. This issue was discovered by auditors during fieldwork in 2015. The Township subsequently hired an individual to help the Township reconcile its books and correct errors.

At December 31, 2013 the bank balance was \$6,812 higher than the book balance. At December 31, 2014 the bank balance was \$29,755 higher than the book balance.

During the audit period investment accounts were opened and closed. However, these actions were not consistently recorded in the minutes of the Board of Trustees.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Township officials rely on accurate reconciliations to make sound financial decisions. Lack of oversight over the Township's financial reporting also increases the chances of fraud, theft, errors or omissions remaining unnoticed.

The Township should implement procedures to verify that the Finance Director complete accurate and timely monthly bank reconciliations. Additionally, the monthly bank reconciliations should be provided to the Board of Trustees for their review and approval. Township officials should review and sign the reconciliations indicating their approval. All transactions should be accurately posted in the accounting system. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. Formal approval for opening/closing of bank accounts should be documented in the minutes.

Official's Response: Management acknowledges the weaknesses noted in the audit report. After considerable time and effort from the Finance team and the new Finance Director, the bank and book balances have been reconciled. Procedures have been developed and will be fully implemented by 12/31/2016 to ensure that cash reconciliation are prepared in a timely manner and monitored for unexplained variances. These procedures will include an independent oversight process to provide additional assurance to the Board of Trustees that the controls are functioning as intended.

FINDING NUMBER 2014-008

Material Weakness – Financial Reporting

In order for a control structure to be suitably designed to reach control objectives, there should be policies and procedures in place to support the operation of the control activities that will help achieve the control objectives.

The Township's control environment was not suitably designed to achieve its financial reporting objectives as indicated by the following conditions present:

- The Township did not have clearly defined job descriptions in the Finance Department that detailed the qualifications necessary to perform job duties. There were also no clearly defined job duties for positions within the Finance Department, causing confusion about which job duties should be performed by which position. This lack of structure also did not allow for the proper segregation of job duties, resulting in one employee handling essentially all of the finance function for a portion of the period under audit.
- The Township did not have a clearly defined chart of accounts for their function and object level accounting code structure, resulting in a lack of guidance for posting transactions to the accounting system and inconsistencies in how transactions were posted and what accounting codes were used in each fund.
- The Township also did not have any written guidance or reporting templates detailing how to present the accounting codes from the accounting system as line items in the financial statements. There was not a formal process to compile financial statements, which resulted in inconsistencies in how transactions were presented on a year-to-year basis.

As a result of the above deficiencies in the control environment, there were numerous errors in the financial statements.

- In 2013, the Township improperly posted franchise fees in the General Fund in the amount of \$371,962 to Other Receipts instead of Licenses, Permits and Fees.
- In 2013, the Township improperly posted the repayment of advances in the amount of \$205,000 as Other Receipts in the General Fund instead of Advances In.
- In 2013, the Township improperly posted the sale of capital assets in the General Fund in the amount of \$10,714 to Other Receipts instead of Sale of Capital Assets.
- In 2013, the Township improperly posted receipts for payments in lieu of taxes in the General Fund in the amount of \$150,000 to Other Receipts instead of Payments in Lieu of Taxes.
- Adjustments to beginning equity of \$1,800,655 in the General Fund, \$1,093,256 in the Road and Bridge Fund, \$1,311,201 in the Police Fund, and \$5,500,900 in the Fire Fund were necessary to agree the beginning 2013 fund balances reported on the financial statements to the ending fund balances on the 2012 financial statements.
- In 2013, expenditures of \$72,000 and \$117,287 made toward capital lease obligations paid out of the General Fund were improperly classified as General Government expenditures instead of Principal Retirement and Interest and Fiscal Charges, respectively.
- In 2013, revenues were incorrectly posted in the General Fund, overstating Property Taxes, Licenses, Permits, and Fines, and General Governmental expenditures by \$303,315, \$365,781, and \$177,263, respectively and understating Capital Outlays, Intergovernmental Revenue, Other Revenues and by \$2,262, \$669,095, and \$175,000, respectively.
- In 2013, the Township posted homestead and rollback receipts in the Road and Bridge Fund of \$302,434 as Property Taxes instead of Intergovernmental.
- In 2012, the Township presented the Road & Bridge Fund, the Public Works Fund, and the Road & Bridge Stabilization Fund as the Road & Bridge Fund on the financial statements. The Township failed to group these funds on the 2013 financial statements, resulting in adjustments to capital outlay expenditures and fund balance of \$331,118 to Other Governmental Funds and the Road & Bridge Fund.

FINDING NUMBER 2014-008
(Continued)

- In 2013, the Township posted charges for services of \$131,534 as Other Receipts in the Road and Bridge Fund instead of Charges for Services.
- In 2013, the Township posted homestead and rollback receipts in the Police Fund as property taxes, overstating Property Taxes and understating Intergovernmental by \$521,723.
- In 2012, the Township presented the Police Fund and the Police Stabilization Fund as the Police Fund. The Township failed to group these funds in the 2013 financial statements, resulting in adjustments of \$1,000,000 to transfers in and fund balance to Other Governmental Funds and the Police Fund.
- In 2013, the Township incorrectly posted \$932,580 in homestead and rollback receipts as Property Taxes instead of Intergovernmental in the Fire Fund.
- In 2013, the Township incorrectly posted Principal Retirement of \$117,600 and Interest and Fiscal Charges of \$197,674 as Public Safety expenditures in the Fire Fund.
- In 2012, the Township presented the Fire Fund, the Fire Station Fund, the EMS Fund, and the Fire Stabilization Fund as the Fire Fund on the financial statements. In 2013, the Township failed to group these funds on the financial statements. This resulted in an adjustment to Public Safety expenditures of \$400,487, Health expenditures of \$469, Transfers In of \$400,000, Charges for Services of \$11,035, Intergovernmental of \$315,274, and fund balance of \$474,647 in Other Governmental Funds and the Fire Fund.
- In 2013, the Township issued bond anticipation notes to retire notes issued in 2012. These amounts were not recorded in the accounting system and were not posted to the financial statements. This required an adjustment of \$20,530,000 to Debt Proceeds, \$19,370,000 to Principal Retirement, and \$1,160,000 to Interest and Fiscal Charges in the Austin TIF Fund to properly record the debt issuance and retirement.
- Due to the adjustment noted above, the Austin TIF Fund was also improperly classified as a non-major fund. This required additional adjustments to the Austin TIF Fund and Other Governmental Funds of \$1,203,381 in revenues, \$823,169 in expenditures, and \$380,212 in fund balance to properly present the Austin TIF Fund as a major fund.
- In 2013, the Township did not record debt payment expenditures gross of interest subsidies provided by the IRS and payments to the Montgomery County Transportation Improvement District, resulting in understatements of \$203,262 in intergovernmental revenues, \$200,000 in principal retirement, and \$797,637 in interest and fiscal charges, and overstatement of \$794,375 in capital outlays in Other Governmental Funds.
- In 2013, the Township improperly posted Intergovernmental receipts of \$459,020 to Property Taxes and Licenses, Permits & Fees in Other Governmental Funds.
- In 2013, the Township improperly posted an Advance Out of \$205,000 to Health in Other Governmental Funds.
- In 2013, the Township improperly posted total expenditures of \$1,520,672 to Public Safety and Public Works instead of Capital Outlays and Conservation/Recreation in Other Governmental Funds.
- In 2014, the Township improperly posted franchise fees in the General Fund in the amount of \$403,095 to Other Receipts instead of Licenses, Permits and Fees.
- In 2014, expenditures made from the General Fund to retire capital lease obligations were not properly posted as principal and interest, but instead posted as General Government expenditures, requiring adjustments of \$74,000, \$100,171, and \$174,171 to Principal Retirement, Interest and Fiscal Charges, and General Government expenditures, respectively.
- In 2014, General Government expenditures in the amount of \$4,203 were misclassified as capital outlay and transfers out.
- In 2014, Property taxes and intergovernmental revenues in the amounts of \$239,241 and \$116,711 were improperly classified as licenses, permits and fees.

FINDING NUMBER 2014-008
(Continued)

- In 2014, the Township posted homestead and rollback receipts in the Road and Bridge Fund as property tax receipts instead of intergovernmental revenues, overstating Property Taxes and understating Intergovernmental by \$230,792.
- In 2014, the Township posted homestead and rollback receipts in the Police Fund as property tax revenues instead of intergovernmental revenues, overstating Property Taxes and understating Intergovernmental by \$920,602.
- In 2014, the Township posted homestead and rollback receipts in the Fire Fund as property tax receipts instead of intergovernmental revenue, overstating Property Taxes and understating Intergovernmental by \$711,601.
- 2014, the Township did not report the Fire Fund in a manner consistent with prior periods. This resulted in adjustments to increase expenditures by \$315,652, revenues by \$82,356, transfers in by \$234,743, and fund balance by \$1,447 in the Fire Fund and reduce the same in the Other Governmental Funds.
- In 2014, the Township did not record debt payment expenditures gross of interest subsidies provided by the IRS and payments to the Montgomery County Transportation Improvement District, resulting in understatements of \$202,110 in intergovernmental revenues, \$796,000 in payments in lieu of taxes, \$345,000 in principal retirement, and \$653,110 in interest and fiscal charges in the Austin TIF Fund.
- In 2014, the Township issued bond anticipation notes to retire the outstanding 2013 bond anticipation notes. This activity was not reported in the financial statements, understating debt proceeds by \$17,750,000, debt retirements by \$17,405,000 and capital outlays by \$998,110 in the Austin TIF Fund.
- In 2014, the Township posted homestead and rollback receipts as property taxes instead of intergovernmental revenues, overstating Property Taxes and understating Intergovernmental by \$305,165 in Other Governmental Funds.
- In 2014, the Township posted \$40,683 of principal retirement charges as interest and fiscal charges, understating principal retirements in Other Governmental Funds.
- In 2014, the Township incorrectly posted \$14,367 of miscellaneous revenues as transfers in to the Road and Bridge Fund [this amount was not corrected on the accompanying financial statements].

The Township's 2013 budgetary statements included inaccurate budgetary data resulting in the following misstatements:

- Original budget revenues in the General, Police, and Road and Bridge Funds were overstated by \$189,114, \$166,258, and \$289,445 respectively.
- Final budget revenues in the General, Police, and Road and Bridge Funds were overstated by \$191,423, \$166,258, and \$289,445, respectively.
- Original budget expenditures in the General Fund were understated by \$768,395 and final budget expenditures in the General Fund were understated by \$800,258.
- Original and final budget expenditures in the Police Fund were overstated by \$31,415.
- Original and final budget expenditures in the Road and Bridge Fund were overstated by \$180,751 and \$671,926, respectively.
- The Township did not present a budgetary statement for the Fire Fund, instead presenting a budgetary statement for the Road and Bridge Fund from 2012. Also, the Austin TIF Fund was determined to be major after audit adjustments were posted; therefore, the Township did not originally present a budgetary statement for this fund.

FINDING NUMBER 2014-008
(Continued)

The Township's 2014 budgetary statements included inaccurate budgetary data which resulted in the following misstatements:

- The Township's original budget revenues in the General, Fire, Police, and Road and Bridge Funds were overstated by \$25,307, \$633,567, \$19,560, and \$374,746 respectively.
- The Township's final budget revenues in the General, Fire, Police, and Road and Bridge Funds were overstated by \$23,136, \$312,305, \$20,344, and \$162,944 respectively.
- The General Fund's final budget expenditures were understated by \$141,892.
- The Fire Fund's original budget expenditures were overstated by \$64,743.
- The Police Fund's original and final budget expenditures were understated by \$10,000 and \$29,138, respectively.
- The Road and Bridge Fund's final budget expenditures were understated by \$261,786.
- The Austin TIF Fund's original and final budget expenditures were overstated by \$1,403,900 and \$7,919, respectively.

Except as noted above, adjustments were posted to the accompanying financial statements for the above errors. The Township should implement controls over the financial reporting process that clearly define which positions are responsible for recording transactions, which positions are responsible for compiling and reviewing summary information, and establish a clearly defined structure for accounting codes that simplifies the process of accurately recording of transactions. Additionally, the Township should institute controls, such as a trial balance, to indicate what accounting codes should be grouped with which financial statement line items and opinion units. Finally, the Township should institute controls to properly record all financial activity in the accounting system.

Official's Response: Management acknowledges the internal control weaknesses that existed during the audit period. The impact of these weaknesses resulted in inconsistencies in the recording of various transactions in the accounting system and the compilation of the unaudited financial statements which reduced the clarity of the financial statements. Despite the numerous adjusting entries that were identified and implemented, the vast majority of those adjustments were reclassifications within the revenue categories. In other words, the revenue entries were recorded as revenue, but not in the correct revenue account.

The current leadership team has taken steps to correct and strengthen the system of internal controls within the Finance Department. A new Finance Director was hired in December 2015, and staffing in the Finance department has increased to better implement and maintain adequate separation of duties over financial transactions.

Defined job positions will be reviewed and job descriptions revised as necessary to adequately reflect the responsibilities and duties of each staff member within the Finance Department. Roles and responsibilities relative to internal controls over financial transactions will also be defined and memorialized so that going forward, the impact of any staffing changes can be clearly demonstrated to the leadership team.

The Finance Department will work with the Department Heads and the Township Administrator to develop and implement a standard chart of accounts. This structure will not only provide additional clarity but also facilitate the compilation of financial statements in a timely and consistent manner. This effort will also facilitate additional analysis of the financial data compiled by the township. The Finance Department will work with the Compliance Department staff to develop and implement monitoring efforts to provide the leadership team with meaningful feedback.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Material Weaknesses - Financial Reporting Errors	No	Not corrected, Repeated as Finding 2014-008.
2012-02	Material Weakness - Bank Reconciliations	No	Not corrected, Repeated as Finding 2014-007.
2012-03	Finding for Recovery – Ohio Rev. Code Sections 505.24 and 507.09 and Ohio Attorney General Opinion 84-036 – Trustee Salaries and OPERS Pickup	No	Partially corrected – Finding for Recovery is still under repayment. Charles Lewis balance owed at 12/31/14 amounted to \$1,711. Judy Lewis balance owed at 12/31/14 amounted to \$4,576.

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Dave Yost • Auditor of State

MIAMI TOWNSHIP

MONTGOMERY 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 13, 2016**