



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MIAMI TOWNSHIP  
HAMILTON COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Miami Township  
Hamilton County  
3780 Shady Lane  
North Bend, Ohio 45052

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Miami Township, Hamilton County, Ohio (the Township).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 such 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.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Township, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 and Note 11 to the financial statements for 2020 and 2019, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
October 15, 2021

**Miami Township**  
*Hamilton County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$1,200,158	\$9,384,488	\$10,584,646
Charges for Services	0	890,313	890,313
Licenses, Permits and Fees	255,801	144,996	400,797
Fines and Forfeitures	802	0	802
Intergovernmental	219,683	1,882,915	2,102,598
Special Assessments	0	57,035	57,035
Earnings on Investments	21,196	9,257	30,453
Miscellaneous	99,788	64,800	164,588
<i>Total Cash Receipts</i>	<u>1,797,428</u>	<u>12,433,804</u>	<u>14,231,232</u>
<b>Cash Disbursements</b>			
Current:			
General Government	638,718	4,387,429	5,026,147
Public Safety	495,894	2,626,740	3,122,634
Public Works	60,721	3,995,091	4,055,812
Health	58,359	151,675	210,034
Conservation-Recreation	139,165	0	139,165
<i>Total Cash Disbursements</i>	<u>1,392,857</u>	<u>11,160,935</u>	<u>12,553,792</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>404,571</u>	<u>1,272,869</u>	<u>1,677,440</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	50,000	50,000
Transfers Out	(50,000)	0	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>50,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	354,571	1,322,869	1,677,440
<i>Fund Cash Balances, January 1</i>	695,557	15,793,649	16,489,206
<i>Fund Cash Balances, December 31</i>	<u>\$1,050,128</u>	<u>\$17,116,518</u>	<u>\$18,166,646</u>

See accompanying notes to the basic financial statements

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**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Miami Township, Hamilton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with The Hamilton County Sheriff's Department to provide police protection services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** 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.

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

***Tax Increment Financing (TIF)*** This fund receipts TIF proceeds for the purpose of disbursements in accordance with the TIF agreement.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,735,085	\$ 1,797,428	\$ 60,343
Special Revenue	11,019,000	12,483,804	1,424,804

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,735,398	\$ 1,446,357	\$ 289,041
Special Revenue	19,480,698	16,287,279	3,193,419

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$ 18,166,646

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Property Taxes**

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

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

**Note 6 - Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 - Defined Benefit Pension Plans (continued)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

Some Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2020.

***Social Security***

The Township's part-time firefighters and members of the zoning committee contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 3,500	\$ 5,126,344	\$ 5,129,844

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – Transfers**

During 2020, a transfer of \$50,000 was made from the General Fund to the Cemetery Fund to subsidize operations. Transfers were made in accordance with the Ohio Revised Code.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**Miami Township**  
*Hamilton County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$1,091,856	\$7,972,045	\$9,063,901
Charges for Services	0	578,524	578,524
Licenses, Permits and Fees	110,612	185,273	295,885
Fines and Forfeitures	2,170	0	2,170
Intergovernmental	315,666	1,248,416	1,564,082
Special Assessments	0	67,425	67,425
Earnings on Investments	101,998	46,097	148,095
Miscellaneous	390,630	51,040	441,670
<i>Total Cash Receipts</i>	<u>2,012,932</u>	<u>10,148,820</u>	<u>12,161,752</u>
<b>Cash Disbursements</b>			
Current:			
General Government	831,608	4,116,754	4,948,362
Public Safety	505,284	3,041,074	3,546,358
Public Works	59,415	2,096,997	2,156,412
Health	46,361	122,689	169,050
Conservation-Recreation	139,767	0	139,767
Capital Outlay	0	853,490	853,490
<i>Total Cash Disbursements</i>	<u>1,582,435</u>	<u>10,231,004</u>	<u>11,813,439</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>430,497</u>	<u>-82,184</u>	<u>348,313</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	215,000	215,000
Transfers Out	(215,000)	0	(215,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(215,000)</u>	<u>215,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	215,497	132,816	348,313
<i>Fund Cash Balances, January 1</i>	<u>480,060</u>	<u>15,660,833</u>	<u>16,140,893</u>
<i>Fund Cash Balances, December 31</i>			
Restricted	0	15,793,649	15,793,649
Assigned	78,866	0	78,866
Unassigned (deficit)	616,691	0	616,691
<i>Fund Cash Balances, December 31</i>	<u>\$695,557</u>	<u>\$15,793,649</u>	<u>\$16,489,206</u>

See accompanying notes to the basic financial statements

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**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Miami Township, Hamilton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with The Hamilton County Sheriff's Department to provide police protection services.

***Public Entity Risk Pool***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** 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.

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

***Tax Increment Financing (TIF)*** This fund receipts TIF proceeds for the purpose of disbursements in accordance with the TIF agreement.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

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

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,840,542	\$2,012,932	\$ 172,390
Special Revenue	9,665,295	10,363,820	698,525

2019 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,943,791	\$1,661,301	\$ 282,490
Special Revenue	10,773,225	10,513,700	259,525

**Note 4 – Deposits**

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

	2019
Demand deposits	\$ 16,489,206

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Property Taxes**

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

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

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 - Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 35,207,230
Actuarial liabilities	10,519,942

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

Some Township certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2019.

**Miami Township**  
*Hamilton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 - Defined Benefit Pension Plans (continued)**

***Social Security***

Part-time firefighters and members of the zoning committee contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2019. OP&F contributes 0.5% to fund these benefits.

**Note 9 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

**Note 10 – Interfund Activity**

During 2019, the Township transferred \$185,000 from the general fund (1000) to the Fire Fund (2111) and \$30,000 from the General fund (1000) to the Cemetery Fund (2041) to subsidize operations in accordance with the Ohio Revised Code.

**Note 11 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Miami Township  
Hamilton County  
3780 Shady Lane  
North Bend, Ohio 45052

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and the related notes of the Miami Township, Hamilton County (the Township) and have issued our report thereon dated October 15, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

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

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 2020-001 and 2020-002 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 financial statements. 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 2020-002 and 2020-003.

***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 subject the Township's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
October 15, 2021

**MIAMI TOWNSHIP  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Term of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; the responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Township’s internal controls over financial reporting, the following conditions related to the Township’s financial statements and accounting records were identified:

- Intergovernmental receipts for homestead and rollback totaling \$855,023 and \$818,355 in 2020 and 2019, respectively, in the Special Revenue Funds were incorrectly classified as Property Taxes receipts.
- Miscellaneous and Intergovernmental receipts totaling \$273,629 and \$5,744, respectively, in 2019 in the General Fund were incorrectly classified as Licenses, Permits and Fees receipts.
- Intergovernmental receipts and General Government disbursements for the Coronavirus Relief Fund totaling \$538,801 and \$113,258, respectively, in 2020 in the Special Revenue Funds were incorrectly posted to the General Fund; see Finding 2020-002.
- Assigned Fund Balance totaling \$78,866 in 2019 in the General Fund was incorrectly classified as Unassigned Fund Balance.

The financial statements and accounting system, where applicable, have been adjusted for these errors.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$6,468 to \$104,237 that we have brought to the Township’s attention. The financial statements were not adjusted for these errors.

The Township did not have procedures in place for effective monitoring of the Township’s financial activity, and the accuracy of accounting and financial reporting. It is important that the Board of Trustees take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Township officials should review the Auditor of State Ohio Township Handbook, Auditor of State Bulletin 2011-004, and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

**Officials’ Response:**

We will look into this matter and fix the accounts per township handbook.

### FINDING NUMBER 2020-002

#### Noncompliance/Material Weakness – Recording in Incorrect Fund

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township failed to establish a Coronavirus Relief Fund (CRF) in 2020. CRF receipts totaling \$538,801 were recorded in the General Fund while CRF disbursements totaling \$113,258, 344,126, and \$81,417 were recorded in the General Fund, Fire Fund, and Tax Increment Financing Fund, respectively. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement; see Finding 2020-001.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

#### Officials' Response:

That has been fixed - I set up account for both accounting and revenue for the Cares Act funds.

### FINDING NUMBER 2020-003

#### Noncompliance – Annual Appropriations Measure

**Ohio Rev. Code § 5705.38(A) & (C)** when read together, state that on or about the first day of each fiscal year, an appropriation measure is to be passed at the legal minimum level of budgetary control. Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Board approved the adoption of annual appropriations for 2020 and 2019 in the minutes but did not include any actual appropriation amounts by fund or at the legal level of control. Failure to approve and disclose the appropriation amounts being approved reduces accounting over expenditures and the Township's ability to properly monitor spending and compliance.

The Township should adopt its annual appropriations at the legal level of control utilizing the example provided in the Ohio Township Handbook and include the appropriations adopted at the legal level of control in the minutes record.

#### Officials' Response:

The township does approve appropriations at the organization meeting but needs to attach them to the minutes. This will be done starting 2022 organizational meeting.

# OHIO AUDITOR OF STATE KEITH FABER



**MIAMI TOWNSHIP**

**HAMILTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/16/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)