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Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



Certified Public Accountants, A.C.

**MIAMI TOWNSHIP
CLERMONT COUNTY
Regular Audit
For the Year Ended December 31, 2015**

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...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Miami Township, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Miami Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 2, 2018

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**MIAMI TOWNSHIP
CLERMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis.....	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds.....	5
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Modified Cash Basis	6
Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds.....	7
Reconciliation of the Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds to the Statement of Activities – Modified Cash Basis.....	8
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	9
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Police Fund	10
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire Fund	11
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Safety #1 Fund	12
Notes to the Financial Statements.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Schedule of Audit Findings	35

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INDEPENDENT AUDITOR'S REPORT

May 5, 2017

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Miami Township**, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2015, 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 described. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Miami Township, Clermont County, Ohio, as of December 31, 2015, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Police, Fire and Public Safety #1 Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



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

Miami Township
Clermont County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 14,083,638
<i>Total Assets</i>	<u>\$ 14,083,638</u>
Net Position	
Restricted for:	
Other Purposes	\$ 11,265,033
Unrestricted	<u>2,818,605</u>
<i>Total Net Position</i>	<u>\$ 14,083,638</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2015

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
			<u>Governmental Activities</u>	
Governmental Activities				
General Government	\$ 4,931,521	\$ 32,839	\$ -	\$ (4,898,682)
Public Safety	16,609,467	937,236	68,282	(15,603,949)
Public Works	2,278,474	56,034	792,141	(1,430,299)
Human Services	29,090	50,119	-	21,029
Conservation-Recreation	1,247,125	302,560	-	(944,565)
Capital Outlay	1,845,209	-	-	(1,845,209)
Debt Service:				
Principal Retirement	490,000	-	-	(490,000)
Interest and Fiscal Charges	167,466	-	-	(167,466)
Total Governmental Activities	<u>\$ 27,598,352</u>	<u>\$ 1,378,788</u>	<u>\$ 860,423</u>	<u>(25,359,141)</u>
General Receipts				
Property Taxes Levied for:				
				728,605
				2,468,558
				1,912,018
				5,543,028
				1,249,184
				987,871
				3,463,882
				4,034,226
				555,378
				2,504,907
				109,968
				343,015
				<u>23,900,640</u>
				(1,458,501)
				<u>15,542,139</u>
				<u>\$ 14,083,638</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2015

	General	Police	Fire	Public Safety #1	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 2,818,605	\$ 224,015	\$ 184,462	\$6,023,427	\$ 4,833,129	\$ 14,083,638
Total Assets	<u>\$ 2,818,605</u>	<u>\$ 224,015</u>	<u>\$ 184,462</u>	<u>\$6,023,427</u>	<u>\$ 4,833,129</u>	<u>\$ 14,083,638</u>
Fund Balances						
Restricted	\$ -	\$ 224,015	\$ 184,462	\$ 6,023,427	\$ 4,833,129	\$ 11,265,033
Unassigned	2,818,605	-	-	-	-	2,818,605
Total Fund Balances	<u>\$ 2,818,605</u>	<u>\$ 224,015</u>	<u>\$ 184,462</u>	<u>\$ 6,023,427</u>	<u>\$ 4,833,129</u>	<u>\$ 14,083,638</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
December 31, 2015

Total Governmental Fund Balances	<u>\$ 14,083,638</u>
Net Position of Governmental Activities	<u>\$ 14,083,638</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Police	Fire	Public Safety #1	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 728,605	\$ 2,468,558	\$ 3,463,882	\$ 5,543,028	\$ 4,149,073	\$ 16,353,146
Intergovernmental	307,784	301,029	164,723	760,845	1,747,561	3,281,942
Special Assessments	8,961	-	-	-	334,054	343,015
Payments in Lieu of Taxes	-	-	-	-	4,034,226	4,034,226
Charges for Services	-	-	716,356	-	332,698	1,049,054
Licenses, Permits and Fees	555,378	-	-	-	-	555,378
Fines and Forfeitures	11,901	-	-	-	1,447	13,348
Interest	109,968	-	-	-	-	109,968
Other	20,938	182,158	37,275	-	159,403	399,774
<i>Total Receipts</i>	<u>1,743,535</u>	<u>2,951,745</u>	<u>4,382,236</u>	<u>6,303,873</u>	<u>10,758,462</u>	<u>26,139,851</u>
Disbursements						
Current:						
General Government	1,693,314	-	-	-	3,238,207	4,931,521
Public Safety	-	2,795,324	4,254,876	7,359,208	2,200,059	16,609,467
Public Works	-	-	-	-	2,278,474	2,278,474
Human Services	-	-	-	-	29,090	29,090
Conservation-Recreation	-	-	-	-	1,247,125	1,247,125
Capital Outlay	268,230	-	-	-	1,576,979	1,845,209
Debt Service:						
Principal Retirement	-	-	-	-	490,000	490,000
Interest and Fiscal Charges	-	-	-	-	167,466	167,466
<i>Total Disbursements</i>	<u>1,961,544</u>	<u>2,795,324</u>	<u>4,254,876</u>	<u>7,359,208</u>	<u>11,227,400</u>	<u>27,598,352</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(218,009)</u>	<u>156,421</u>	<u>127,360</u>	<u>(1,055,335)</u>	<u>(468,938)</u>	<u>(1,458,501)</u>
Other Financing Sources (Uses)						
Advances In	-	-	-	-	88,000	88,000
Advances Out	(88,000)	-	-	-	-	(88,000)
Transfers In	-	-	-	-	657,350	657,350
Transfers Out	(90,500)	-	-	-	(566,850)	(657,350)
<i>Total Other Financing Sources (Uses)</i>	<u>(178,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,500</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(396,509)</u>	<u>156,421</u>	<u>127,360</u>	<u>(1,055,335)</u>	<u>(290,438)</u>	<u>(1,458,501)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,215,114</u>	<u>67,594</u>	<u>57,102</u>	<u>7,078,762</u>	<u>5,123,567</u>	<u>15,542,139</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,818,605</u>	<u>\$ 224,015</u>	<u>\$ 184,462</u>	<u>\$ 6,023,427</u>	<u>\$ 4,833,129</u>	<u>\$ 14,083,638</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio

*Reconciliation of the Statement of Receipts, Disbursements, and Changes
in Fund Balances - Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended December 31, 2015*

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,458,501)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,458,501)</u>
See accompanying notes to the basic financial statements	

Miami Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 700,474	\$ 727,000	\$ 728,605	\$ 1,605
Intergovernmental	300,450	300,450	307,784	7,334
Special Assessments	9,000	9,000	8,961	(39)
Licenses, Permits and Fees	461,953	547,000	555,378	8,378
Fines and Forfeitures	7,043	7,043	11,901	4,858
Interest	100,000	100,000	109,968	9,968
Other	30,000	30,000	20,938	(9,062)
<i>Total Receipts</i>	<u>1,608,920</u>	<u>1,720,493</u>	<u>1,743,535</u>	<u>23,042</u>
Disbursements				
Current:				
General Government	1,698,980	1,777,700	1,693,314	84,386
Capital Outlay	350,500	350,500	268,230	82,270
<i>Total Disbursements</i>	<u>2,049,480</u>	<u>2,128,200</u>	<u>1,961,544</u>	<u>166,656</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(440,560)</u>	<u>(407,707)</u>	<u>(218,009)</u>	<u>189,698</u>
Other Financing Sources (Uses)				
Advances Out	(88,000)	(88,000)	(88,000)	-
Transfers Out	(90,520)	(90,520)	(90,500)	20
<i>Total Other Financing Sources (Uses)</i>	<u>(178,520)</u>	<u>(178,520)</u>	<u>(178,500)</u>	<u>20</u>
<i>Net Change in Fund Balance</i>	(619,080)	(586,227)	(396,509)	189,718
<i>Fund Balance Beginning of Year</i>	<u>3,215,114</u>	<u>3,215,114</u>	<u>3,215,114</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 2,596,034</u></u>	<u><u>\$ 2,628,887</u></u>	<u><u>\$ 2,818,605</u></u>	<u><u>\$ 189,718</u></u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,496,819	\$ 2,341,695	\$ 2,468,558	\$ 126,863
Intergovernmental	300,000	300,000	301,029	1,029
Other	192,000	110,000	182,158	72,158
<i>Total Receipts</i>	<u>2,988,819</u>	<u>2,751,695</u>	<u>2,951,745</u>	<u>200,050</u>
Disbursements				
Current:				
Public Safety	3,301,070	3,000,000	2,795,324	204,676
<i>Total Disbursements</i>	<u>3,301,070</u>	<u>3,000,000</u>	<u>2,795,324</u>	<u>204,676</u>
<i>Net Change in Fund Balance</i>	(312,251)	(248,305)	156,421	404,726
<i>Fund Balance Beginning of Year</i>	<u>67,594</u>	<u>67,594</u>	<u>67,594</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ (244,657)</u></u>	<u><u>\$ (180,711)</u></u>	<u><u>\$ 224,015</u></u>	<u><u>\$ 404,726</u></u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2015

	<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	\$ 3,262,429	\$ 3,465,000	\$ 3,463,882	\$ (1,118)
Intergovernmental	168,000	168,000	164,723	(3,277)
Charges for Services	700,000	700,000	716,356	16,356
Other	37,236	37,236	37,275	39
<i>Total Receipts</i>	<u>4,167,665</u>	<u>4,370,236</u>	<u>4,382,236</u>	<u>12,000</u>
Disbursements				
Current:				
Public Safety	4,212,400	4,350,300	4,254,876	95,424
<i>Total Disbursements</i>	<u>4,212,400</u>	<u>4,350,300</u>	<u>4,254,876</u>	<u>95,424</u>
<i>Net Change in Fund Balance</i>	(44,735)	19,936	127,360	107,424
<i>Fund Balance Beginning of Year</i>	<u>57,102</u>	<u>57,102</u>	<u>57,102</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 12,367</u>	<u>\$ 77,038</u>	<u>\$ 184,462</u>	<u>\$ 107,424</u>

See accompanying notes to the basic financial statements

Miami Township
Clermont County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Public Safety Fund #1
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 5,805,873	\$ 5,743,874	\$ 5,543,028	\$ (200,846)
Intergovernmental	760,000	760,000	760,845	845
<i>Total Receipts</i>	<u>6,565,873</u>	<u>6,503,874</u>	<u>6,303,873</u>	<u>(200,001)</u>
Disbursements				
Current:				
Public Safety	8,006,400	7,906,600	7,359,208	547,392
<i>Total Disbursements</i>	<u>8,006,400</u>	<u>7,906,600</u>	<u>7,359,208</u>	<u>547,392</u>
<i>Net Change in Fund Balance</i>	(1,440,527)	(1,402,726)	(1,055,335)	347,391
<i>Fund Balance Beginning of Year</i>	<u>7,078,762</u>	<u>7,078,762</u>	<u>7,078,762</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,638,235</u>	<u>\$ 5,676,036</u>	<u>\$ 6,023,427</u>	<u>\$ 347,391</u>

See accompanying notes to the basic financial statements

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. REPORTING ENTITY

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

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

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

C. Public Entity Risk Pools

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 12 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (continued)

Governmental Funds

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

1. General Fund

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

2. Police Fund

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

3. Fire Fund

This fund receives tax levy money and charges for services for operating expenses incurred by the fire department for the Township.

4. Public Safety Fund #1

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

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

C. Basis of Accounting

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

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Investments".

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

During 2015, the Township invested in nonnegotiable certificates of deposit and U.S. Government Agencies. The nonnegotiable certificates of deposit and the U.S. Government Agencies are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 were \$109,968.

F. Restricted Assets

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

M. Net Position

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

N. Fund Balance

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance (continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

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

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

O. Interfund Transactions

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General, Police, Fire and Public Safety #1 Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is due to outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no encumbrances outstanding at year end for any of these funds.

4. FUND BALANCES

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Public Safety #1 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:						
Public Safety	\$ -	\$ 224,015	\$ 184,462	\$ 6,023,427	\$ 45,220	\$ 6,477,124
Debt Service	-	-	-	-	416	416
Public Works	-	-	-	-	1,476,313	1,476,313
Cemetery	-	-	-	-	25,245	25,245
Recreation Programs	-	-	-	-	714,685	714,685
TIF/RID Projects	-	-	-	-	2,571,250	2,571,250
Total Restricted	<u>-</u>	<u>224,015</u>	<u>184,462</u>	<u>6,023,427</u>	<u>4,833,129</u>	<u>11,265,033</u>
Unassigned	<u>2,818,605</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,818,605</u>
Total Fund Balances	<u>\$2,818,605</u>	<u>\$ 224,015</u>	<u>\$ 184,462</u>	<u>\$ 6,023,427</u>	<u>\$ 4,833,129</u>	<u>\$14,083,638</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,181,251 of the Township's bank balance of \$7,231,251 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (continued)

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

Investments

As of December 31, 2015, the Township had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturities</u>
FHLMC/FHLB Securities	<u>\$7,000,000</u>	3-5 years
Total investments	<u>\$7,000,000</u>	

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

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

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

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Township’s securities are registered in the name of the Township. The Township has no investment policy dealing with investment custodial risk beyond the requirements in state statutes.

6. PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

6. PROPERTY TAX (Continued)

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2015, was \$28.51 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

	<u>Assessed Value</u>
Real Property	\$998,590,150
Public Utility Property	27,734,530
Total Assessed Value	<u>\$1,026,324,680</u>

7. DEBT

For the year ended December 31, 2015, changes in the Township's debt were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2015</u>	<u>Amount Due Within One Year</u>
2004 Various Purpose General Obligation Bonds	2.75- 5.00%	\$115,000	-	\$115,000	-	-
2006 Various Purpose General Obligation Bonds	4.00%	330,000	-	110,000	220,000	110,000
2007 General Obligation Road Improvement Bonds	4.00- 4.25%	95,000	-	35,000	60,000	30,000
2009 Various Purpose General Obligation Bonds	2.00- 5.00%	635,000	-	50,000	585,000	55,000
2012 Various Purpose General Obligation Refunding Bonds	0.40- 4.00%	<u>3,710,000</u>	<u>-</u>	<u>180,000</u>	<u>3,530,000</u>	<u>300,000</u>
		<u>\$4,885,000</u>	<u>\$ -</u>	<u>\$ 490,000</u>	<u>\$4,395,000</u>	<u>\$495,000</u>

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

7. DEBT (Continued)

The Various Purpose Limited Tax General Obligation Bonds, 2004, are for the purpose of acquiring and constructing improvements to a Township building and constructing road improvements, and paying permissible costs of issuance. Repayment of the bonds and interest is expected to be repaid from TIF revenues.

The Various Purpose Limited Tax General Obligation Bonds, 2006, are for the purpose of certain Township road improvements and the purchase of four ambulances for the Township's fire department.

The Road Improvement General Obligation Bonds, 2007, are for the purpose of certain Township roadway and utility improvements along State Route 131.

The Various Purpose Limited Tax General Obligation Bonds, 2009, are for the purchase of a service building for the Township.

During 2012, the Township issued \$4,085,000 of Various Purpose General Obligation Refunding Bonds, Series 2012. Proceeds were used to defease \$600,000 of the 2003 Road Improvement Bonds maturing in 2014 and beyond, and \$2,365,000 of the 2004 Various Purpose General Obligation Bonds maturing in 2016 and beyond. The Township placed cash with a trustee which is sufficient to pay all debt principal and interest payments when they come due. The principal amount of the defeased debt outstanding at December 31, 2015 is \$2,865,000. The cash and investments held by the trustee are not included in the Township's assets nor are the outstanding bonds included above. The remaining proceeds of the Various Purpose General Obligation Refunding Bonds, Series 2012 were used for cost of issuing the bonds and providing \$1,000,000 for the purchasing of new fire trucks.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed an amount equal to 10.5 percent of its valuation. The effects of the debt limitations at December 31, 2015, were an overall debt margin of \$103,369,091 and an unvoted debt margin of \$52,052,857.

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

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

7. DEBT (Continued)

Year ending December 31:	2006 Various Purpose General Obligation Bonds		2007 General Obligation Road Improvement Bonds		2009 Various Purpose General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 110,000	\$ 8,800	\$ 30,000	\$ 2,512	\$ 55,000	\$ 28,288
2017	110,000	4,400	30,000	1,275	55,000	26,500
2018	-	-	-	-	60,000	23,750
2019	-	-	-	-	60,000	20,750
2020	-	-	-	-	65,000	17,750
2021-2025	-	-	-	-	290,000	37,500
2026-2029	-	-	-	-	-	-
Total	<u>\$ 220,000</u>	<u>\$ 13,200</u>	<u>\$ 60,000</u>	<u>\$ 3,787</u>	<u>\$ 585,000</u>	<u>\$ 154,538</u>

Year ending December 31:	2012 Various Purpose General Obligation Bonds		Total	
	Principal	Interest	Principal	Interest
2016	\$ 300,000	\$ 112,710	\$ 495,000	\$ 152,310
2017	315,000	103,710	510,000	135,885
2018	320,000	94,260	380,000	118,010
2019	330,000	84,660	390,000	105,410
2020	345,000	74,760	410,000	92,510
2021-2025	1,075,000	221,150	1,365,000	258,650
2026-2029	845,000	63,570	845,000	63,570
Total	<u>\$ 3,530,000</u>	<u>\$ 754,820</u>	<u>\$ 4,395,000</u>	<u>\$ 926,345</u>

8. INTERFUND TRANSFERS

During 2015, the following transfers were made to the Debt Service Fund for the retirement of debt. Transfers were from funds that have been established to receive funds from tax levies or tax increment financing agreements.

General Fund	\$ 90,500
Road and Bridge	39,800
Park Levy	66,800
TIF Funds	341,290
RID Funds	118,960
Total Transferred to Debt Service Fund	<u>\$657,350</u>

9. INTERFUND BALANCES

Interfund balances as of December 31, 2015, consisted of the following individual fund receivables and payables:

Road and Bridge Fund	\$ 25,000
Permissive Tax Fund	135,000
Lighting Fund	113,000
Total Due To General Fund	<u>\$273,000</u>

The balances due represent loans provided by the General Fund to provide working capital for operations of the individual funds.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, other than full-time firefighters, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$904,084 for year 2015.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Township full-time firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF) (Continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit. The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
	<u>19.50 %</u>	<u>24.00 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Township's contractually required contribution to OPF was \$940,821 for 2015.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

11. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - The 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$112,658, \$110,354, and \$54,580, respectively. The full amount has been contributed for 2015, 2014 and 2013.

Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 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 OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Ohio Police and Fire Pension Fund (Continued)

OPF 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 administered 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 OPF 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. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2015 through December 31, 2015. 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 OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contribution to OPF for the years ended December 31, 2015, 2014, and 2013 were \$19,600, \$18,349, and \$228,168, respectively. The full amount has been contributed for 2015, 2014 and 2013

12. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc (formally known as America Risk Pooling Consultants, Inc.) (York Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 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.

**MIAMI TOWNSHIP
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

12. RISK MANAGEMENT (Continued)

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 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	<u>(8,486,363)</u>	<u>(8,912,432)</u>
Net Assets	<u>\$26,467,923</u>	<u>\$27,057,831</u>

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 \$71,000.

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

<u>Year</u>	<u>Contribution</u>
2013	\$ 121,818
2014	129,637
2015	137,000

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



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St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

May 5, 2017

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Miami Township**, Clermont County, (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 5, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

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Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 5, 2017.

Entity's Response to Findings

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

Purpose of this Report

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



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

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2015-001

Significant Deficiency

Bank Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balances to the accounting record's cash balance each month. Bank reconciliation means accounting for the differences between the balance of the bank statement(s) and the cash and investment balances according to the Township's records.

The Township's December 31, 2015 bank reconciliation showed a bank over book balance variance of \$11,078. The variance was not investigated further during the audit due to the dollar amount in comparison to the Township's cash balance at year end.

Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Township should perform complete monthly bank reconciliations in a timely manner. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month to month and all reconciling items should be appropriately documented.

Management's Response – The Township agrees that there should be no unexplained variances between the books and the bank. However, I will point out that the reconciliations are 99.9% accurate based on the revenue and expense activity of the Township. The Township will spend more hours per month to review and scan the bank statements and the ledger to try and resolve the differences.

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Dave Yost • Auditor of State

MIAMI TOWNSHIP

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 16, 2018**