



OHIO AUDITOR OF STATE
KEITH FABER



**MIAMI TOWNSHIP
MONTGOMERY COUNTY
DECEMBER 31, 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Miami Township
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Montgomery County, Ohio (the Township), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Montgomery County, Ohio, as of December 31, 2018, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road & Bridge, Police, Fire, and Austin TIF-East 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 Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019, 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

November 26, 2019

Miami Township
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
UNAUDITED

This discussion and analysis of Miami Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2018, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net position - modified cash basis and the statement of activities - modified cash basis reflect how the Township did financially during 2018, within the limitations of the modified cash basis accounting. The statement of net position - modified cash basis presents the pooled cash and investment balances of the governmental activities of the Township at year-end. The statement of activities - modified cash basis compares cash disbursements with program receipts for each governmental program.

Miami Township
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
UNAUDITED

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

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

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

Reporting the Township's Most Significant Funds

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

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

The Township as a Whole

Table 1 summarizes the Township's net position for 2018 compared to 2017 on a modified cash basis:

Miami Township
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
UNAUDITED

Table 1: Net Position

| | Governmental Activities | |
|---|-------------------------|--------------|
| | 2017 | 2018 |
| Assets | | |
| Equity in Pooled Cash, Cash Equivalents and Investments | \$19,884,191 | \$18,426,643 |
| Total Assets | \$19,884,191 | \$18,426,643 |
| Net Position | | |
| Restricted for: | | |
| Police | \$2,151,316 | \$2,468,628 |
| Fire | 4,839,335 | 4,270,701 |
| Austin TIF-East | 3,469,576 | 3,569,137 |
| Other Programs | 3,086,390 | 2,815,236 |
| Unrestricted | 6,337,574 | 5,302,941 |
| Total Net Position | \$19,884,191 | \$18,426,643 |

Net position of governmental activities decreased \$1.5 million in 2018. The decrease in net position was mostly due to the redeployment of accumulated unexpended resources.

Table 2 compares the changes in net position from 2017 to 2018 on a modified cash basis.

Table 2: Changes in Net Position

| | Governmental Activities | |
|--|-------------------------|---------------|
| | 2017 | 2018 |
| Receipts | | |
| Property and Other Local Taxes | \$11,574,031 | \$11,694,868 |
| Unrestricted Grants and Entitlements | 2,147,629 | 2,025,346 |
| Payments in Lieu of Taxes | 5,756,689 | 6,249,016 |
| Program Receipts: Operating Grants and Contributions | 1,350,908 | 1,306,744 |
| Earnings on Investments | 195,789 | 235,006 |
| Program Receipts: Charges for Services and Sales | 111,545 | 133,703 |
| Special Assessments | 422,504 | 406,160 |
| Fines and Forfeitures | 88,075 | 174,925 |
| Miscellaneous | 335,162 | 187,069 |
| Total Receipts | \$21,982,332 | \$22,412,837 |
| Disbursements: | | |
| General Government | 2,580,367 | 3,895,727 |
| Public Safety | 10,488,167 | 10,724,736 |
| Public Works | 1,819,018 | 1,806,480 |
| Economic Development | 361,443 | 374,237 |
| Conservation & Recreation | 327,555 | 283,108 |
| Capital Outlay | 391,891 | 2,301,133 |
| Debt Service: | | |
| Principal Retirement | 2,428,804 | 2,495,454 |
| Interest and Fiscal Charges | 2,069,556 | 1,989,510 |
| Total Disbursements | \$20,466,801 | \$23,870,385 |
| Change in Net Position | \$1,515,531 | \$(1,457,548) |
| Net Position, January 1 | \$18,368,660 | \$19,884,191 |
| Net Position, December 31 | \$19,884,191 | \$18,426,643 |

Miami Township
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
UNAUDITED

Fifty-three percent (53%) of the Township's 2018 general and program receipts were from property and other local taxes with Payments in Lieu of Taxes accounting for another 28% of general and program receipts. Local government funds, fine and forfeitures, special assessments, miscellaneous receipts and earnings on investments make up the balance of the Township's general receipts.

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

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

Governmental Activities

If you look at the Statement of Activities for 2018, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety. The two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which is paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3: Governmental Activities

| | Total Cost of Services 2017 | Net Cost of Services 2017 | Total Cost of Services 2018 | Net Cost of Services 2018 |
|-----------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| General Government | \$2,580,367 | \$(2,580,320) | \$3,895,727 | \$(3,867,666) |
| Public Safety | 10,488,167 | (9,515,147) | 10,724,736 | (9,782,214) |
| Public Works | 1,819,018 | (1,359,632) | 1,806,480 | (1,336,616) |
| Economic Development | 361,443 | (361,443) | 374,237 | (374,237) |
| Conservation-Recreation | 327,555 | (327,555) | 283,108 | (283,108) |
| Capital Outlay | 391,891 | (391,891) | 2,301,133 | (2,301,133) |
| Principal Retirement | 2,428,804 | (2,428,804) | 2,495,454 | (2,495,454) |
| Interest and Fiscal Charges | 2,069,556 | (2,069,556) | 1,989,510 | (1,989,510) |
| Total Expenses | \$20,466,801 | \$(19,004,348) | \$23,870,385 | \$(22,429,938) |

The Township's Funds

Total governmental funds had receipts (excluding other financing sources) of \$21,982,332 and \$22,412,837 for 2017 and 2018 respectively. Disbursements (excluding other financing uses) were \$20,466,801 and \$23,870,385, respectively.

Miami Township
Montgomery County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
UNAUDITED

General Fund Budgeting Highlights

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

During 2018, the Township amended its General Fund budget to reflect increased costs. Final disbursements were budgeted at \$2,904,005 while actual disbursements were \$2,793,054. Actual spending was \$110,951 less than final appropriations. Final receipts were budgeted at \$1,571,608 while actual receipts were \$2,724,563.

Capital Assets and Debt Administration

Capital Assets

The Township has chosen not to report capital assets and infrastructure. The Township reports the acquisition of capital assets as disbursements in the statement of activities and statement of cash receipts, disbursements, and changes in fund balances.

Debt

In 2015, the Township issued bonds for various purposes including the prepayment of the certificates of participation that had been issued for the construction of the township administration building. Bonds were also issued to retire the bond anticipation notes that had been issued for the construction of Austin Landing, the Austin Rd interchange with I-75 and related projects. At December 31, 2018, the Township had \$17,525,000 outstanding on these bonds.

In 2010, the Township issued bonds totaling \$8,550,000 for the construction of a new fire station and a new public works facility. At December 31, 2018, the Township had \$6,140,000 outstanding on these bonds.

In 2008 and 2010, the Township issued bonds which are special obligations of the Montgomery County Transportation Improvement District for Austin Landing, Kingsridge Drive, Austin Road interchange, and other related projects. At December 31, 2018, the Township had \$18,314,000 outstanding on these bonds.

The Township also has loans through the State Infrastructure Bank for the Byers Road relocation and Austin Boulevard project. At December 31, 2018, the Township had \$714,451 outstanding on these loans.

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

Current Issues

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

Contacting the Township's Financial Management

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

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Miami Township
Montgomery County, Ohio
Statement of Net Position - Modified Cash Basis
December, 31, 2018

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents and Investments | \$ 18,426,643 |
| <i>Total Assets</i> | 18,426,643 |
| Net Position | |
| Restricted for: | |
| Police | 2,468,628 |
| Fire | 4,270,701 |
| Austin TIF-East | 3,569,137 |
| Other Programs | 2,815,236 |
| Unrestricted | 5,302,941 |
| <i>Total Net Position</i> | \$ 18,426,643 |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2018

| | <u>Program Cash Receipts</u> | | | Net (Disbursements) and Changes in Net Position |
|---|-------------------------------|---|---|--|
| | <u>Cash Disbursements</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | |
| Current: | | | | |
| General Government | \$ 3,895,727 | \$ 28,061 | | \$ (3,867,666) |
| Public Safety | 10,724,736 | 105,642 | \$ 836,880 | (9,782,214) |
| Public Works | 1,806,480 | | 469,864 | (1,336,616) |
| Economic Development | 374,237 | | | (374,237) |
| Conservation-Recreation | 283,108 | | | (283,108) |
| Capital Outlay | 2,301,133 | | | (2,301,133) |
| Debt Service: | | | | |
| Principal Retirement | 2,495,454 | | | (2,495,454) |
| Interest and Fiscal Charges | 1,989,510 | | | (1,989,510) |
| <i>Total Governmental Activities</i> | <u>23,870,385</u> | <u>133,703</u> | <u>1,306,744</u> | <u>(22,429,938)</u> |
| General Receipts: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 10,752,495 |
| Other Local Taxes | | | | 942,373 |
| Fine and Forefitures | | | | 174,925 |
| Special Assessments | | | | 406,160 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 2,025,346 |
| Payments in Lieu of Taxes | | | | 6,249,016 |
| Earnings on Investments | | | | 235,006 |
| Miscellaneous | | | | 187,069 |
| Total General Receipts | | | | <u>20,972,390</u> |
| <i>Change in Net Position</i> | | | | (1,457,548) |
| <i>Net Position Beginning of Year</i> | | | | 19,884,191 |
| <i>Net Position End of Year</i> | | | | <u>\$ 18,426,643</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2018

| | General | Road & Bridge Fund | Police Fund | Fire Fund | Austin TIF-East Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|---------------------|---------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents and Investments | \$ 4,180,848 | \$ 1,122,093 | \$ 2,468,628 | \$ 4,270,701 | \$ 3,569,137 | \$ 2,815,236 | \$ 18,426,643 |
| <i>Total Assets</i> | <u>4,180,848</u> | <u>1,122,093</u> | <u>2,468,628</u> | <u>4,270,701</u> | <u>3,569,137</u> | <u>2,815,236</u> | <u>18,426,643</u> |
| Fund Balances | | | | | | | |
| Restricted | | | 2,468,628 | 4,270,701 | 3,569,137 | 2,815,236 | 13,123,702 |
| Committed | | 1,122,093 | | | | | 1,122,093 |
| Assigned | 95,393 | | | | | | 95,393 |
| Unassigned (Deficit) | 4,085,455 | | | | | | 4,085,455 |
| <i>Total Fund Balances</i> | <u>\$ 4,180,848</u> | <u>\$ 1,122,093</u> | <u>\$ 2,468,628</u> | <u>\$ 4,270,701</u> | <u>\$ 3,569,137</u> | <u>\$ 2,815,236</u> | <u>\$ 18,426,643</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

| | General | Road & Bridge Fund | Police Fund | Fire Fund | Austin TIF-East Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------|---------------------|---------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | |
| Property and Other Local Taxes | \$ 943,631 | \$ 1,273,048 | \$ 5,585,625 | \$ 3,747,549 | | \$ 145,015 | \$ 11,694,868 |
| Charges for Services | | 105,642 | | | | | 105,642 |
| Licenses, Permits and Fees | 28,061 | | | | | | 28,061 |
| Fines and Forfeitures | | | 20,532 | | | 154,393 | 174,925 |
| Intergovernmental | 1,403,222 | 151,592 | 408,433 | 752,927 | \$ 277,643 | 338,273 | 3,332,090 |
| Special Assessments | 4,609 | | | | | 401,551 | 406,160 |
| Payments in Lieu of Taxes | 86,473 | | | | 4,550,400 | 1,612,143 | 6,249,016 |
| Earnings on Investments | 234,908 | | | | | 98 | 235,006 |
| Miscellaneous | 23,660 | 51,189 | 95,661 | | 13 | 16,546 | 187,069 |
| <i>Total Receipts</i> | <u>2,724,564</u> | <u>1,581,471</u> | <u>6,110,251</u> | <u>4,500,476</u> | <u>4,828,056</u> | <u>2,668,019</u> | <u>22,412,837</u> |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| General Government | 1,530,511 | | | | 1,778,410 | 586,806 | 3,895,727 |
| Public Safety | | | 5,585,391 | 4,751,130 | | 388,215 | 10,724,736 |
| Public Works | 109,543 | 1,450,927 | | | | 246,010 | 1,806,480 |
| Economic Development | 374,237 | | | | | | 374,237 |
| Conservation-Recreation | 241,013 | | | | | 42,095 | 283,108 |
| Capital Outlay | 237,986 | 776,087 | 210,684 | | 9,000 | 1,067,376 | 2,301,133 |
| Debt Service: | | | | | | | |
| Principal Retirement | 100,000 | 203,000 | | 147,000 | 1,624,703 | 420,751 | 2,495,454 |
| Interest and Fiscal Charges | 81,250 | 236,114 | | 170,980 | 1,316,382 | 184,784 | 1,989,510 |
| <i>Total Disbursements</i> | <u>2,674,540</u> | <u>2,666,128</u> | <u>5,796,075</u> | <u>5,069,110</u> | <u>4,728,495</u> | <u>2,936,037</u> | <u>23,870,385</u> |
| <i>Net Change in Fund Balances</i> | 50,024 | (1,084,657) | 314,176 | (568,634) | 99,561 | (268,018) | (1,457,548) |
| <i>Fund Balances Beginning of Year, restated</i> | <u>4,130,824</u> | <u>2,206,750</u> | <u>2,154,452</u> | <u>4,839,335</u> | <u>3,469,576</u> | <u>3,083,254</u> | <u>19,884,191</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 4,180,848</u> | <u>\$ 1,122,093</u> | <u>\$ 2,468,628</u> | <u>\$ 4,270,701</u> | <u>\$ 3,569,137</u> | <u>\$ 2,815,236</u> | <u>\$ 18,426,643</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 542,429 | \$ 544,314 | \$ 943,631 | \$ 399,317 |
| Licenses, Permits and Fees | 16,130 | 16,186 | 28,061 | 11,875 |
| Intergovernmental | 806,617 | 809,419 | 1,403,222 | 593,803 |
| Special Assessments | 2,649 | 2,659 | 4,609 | 1,950 |
| Payments in Lieu of Taxes | 49,707 | 49,880 | 86,473 | 36,593 |
| Earnings on Investments | 135,033 | 135,502 | 234,908 | 99,406 |
| Miscellaneous | 13,601 | 13,648 | 23,659 | 10,011 |
| <i>Total Receipts</i> | <u>1,566,166</u> | <u>1,571,608</u> | <u>2,724,563</u> | <u>1,152,955</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 2,606,509 | 1,698,576 | 1,633,680 | 64,896 |
| Public Works | 112,880 | 125,204 | 120,420 | 4,784 |
| Economic Development | 469,216 | 393,748 | 378,705 | 15,043 |
| Conservation-Recreation | 233,800 | 250,587 | 241,013 | 9,574 |
| Capital Outlay | 227,495 | 247,440 | 237,986 | 9,454 |
| Debt Service: | | | | |
| Principal Retirement | 100,000 | 103,972 | 100,000 | 3,972 |
| Interest and Fiscal Charges | 83,450 | 84,478 | 81,250 | 3,228 |
| <i>Total Disbursements</i> | <u>3,833,350</u> | <u>2,904,005</u> | <u>2,793,054</u> | <u>110,951</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(2,267,184)</u> | <u>(1,332,397)</u> | <u>(68,491)</u> | <u>1,263,906</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 1,060,000 | 1,060,000 | - | (1,060,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>1,060,000</u> | <u>1,060,000</u> | <u>-</u> | <u>(1,060,000)</u> |
| <i>Net Change in Fund Balance</i> | (1,207,184) | (272,397) | (68,491) | 203,906 |
| <i>Fund Balance Beginning of Year</i> | 4,035,430 | 4,035,430 | 4,035,430 | - |
| Prior Year Encumbrances Appropriated | 95,393 | 95,393 | 95,393 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 2,923,639</u> | <u>\$ 3,858,426</u> | <u>\$ 4,062,332</u> | <u>\$ 203,906</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 1,112,633 | \$ 1,112,633 | \$ 1,273,048 | \$ 160,415 |
| Charges for Services | 92,330 | 92,330 | 105,642 | 13,312 |
| Intergovernmental | 132,490 | 132,490 | 151,592 | 19,102 |
| Miscellaneous | 44,739 | 44,739 | 51,189 | 6,450 |
| <i>Total Receipts</i> | <u>1,382,192</u> | <u>1,382,192</u> | <u>1,581,471</u> | <u>199,279</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 1,458,495 | 1,460,528 | 1,454,105 | 6,423 |
| Capital Outlay | 21,500 | 832,970 | 798,496 | 34,474 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 203,000 | (203,000) |
| Interest and Fiscal Charges | - | - | 236,114 | (236,114) |
| <i>Total Disbursements</i> | <u>1,479,995</u> | <u>2,293,498</u> | <u>2,691,715</u> | <u>(398,217)</u> |
| <i>Net Change in Fund Balance</i> | (97,803) | (911,306) | (1,110,244) | (198,938) |
| <i>Fund Balance Beginning of Year</i> | 2,204,250 | 2,204,250 | 2,204,250 | - |
| <i>Prior Year Encumbrances Appropriated</i> | <u>2,500</u> | <u>2,500</u> | <u>2,500</u> | <u>-</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 2,108,947</u> | <u>\$ 1,295,444</u> | <u>\$ 1,096,506</u> | <u>\$ (198,938)</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
Police Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|----------------------------|----------------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 5,232,830 | \$ 5,232,830 | \$ 5,585,625 | \$ 352,795 |
| Fines and Forfeitures | \$ 19,235 | \$ 19,235 | \$ 20,532 | \$ 1,297 |
| Intergovernmental | \$ 382,636 | \$ 382,636 | \$ 408,433 | \$ 25,797 |
| Miscellaneous | \$ 89,619 | \$ 89,619 | \$ 95,661 | \$ 6,042 |
| <i>Total Receipts</i> | <u>\$ 5,724,320</u> | <u>\$ 5,724,320</u> | <u>\$ 6,110,251</u> | <u>\$ 385,931</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | \$ 6,048,103 | \$ 6,058,346 | \$ 5,604,195 | \$ 454,151 |
| Capital Outlay | \$ 238,000 | \$ 227,757 | \$ 210,684 | \$ 17,073 |
| <i>Total Disbursements</i> | <u>\$ 6,286,103</u> | <u>\$ 6,286,103</u> | <u>\$ 5,814,879</u> | <u>\$ 471,224</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>\$ (561,783)</u> | <u>\$ (561,783)</u> | <u>\$ 295,372</u> | <u>\$ 857,155</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | \$ 100,000 | \$ 100,000 | \$ - | \$ (100,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ -</u> | <u>\$ (100,000)</u> |
| <i>Net Change in Fund Balance</i> | <u>\$ (461,783)</u> | <u>\$ (461,783)</u> | <u>\$ 295,372</u> | <u>\$ 757,155</u> |
| <i>Fund Balance Beginning of Year, restated</i> | <u>\$ 2,026,207</u> | <u>\$ 2,026,207</u> | <u>\$ 2,026,207</u> | <u>\$ -</u> |
| Prior Year Encumbrances Appropriated | <u>\$ 128,244</u> | <u>\$ 128,244</u> | <u>\$ 128,244</u> | <u>\$ -</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$ 1,692,668</u></u> | <u><u>\$ 1,692,668</u></u> | <u><u>\$ 2,449,823</u></u> | <u><u>\$ 757,155</u></u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 3,936,502 | \$ 3,936,502 | \$ 3,747,549 | \$ (188,953) |
| Intergovernmental | \$ 321,941 | \$ 321,941 | \$ 752,927 | \$ 430,986 |
| <i>Total Receipts</i> | <u>\$ 4,258,443</u> | <u>\$ 4,258,443</u> | <u>\$ 4,500,476</u> | <u>\$ 242,033</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | \$ 5,519,500 | \$ 5,541,231 | \$ 4,751,131 | \$ 790,100 |
| Debt Service: | | | | |
| Principal Retirement | \$ 147,000 | \$ 147,000 | \$ 147,000 | \$ - |
| Interest and Fiscal Charges | \$ 170,980 | \$ 170,980 | \$ 170,979 | \$ 1 |
| <i>Total Disbursements</i> | <u>\$ 5,837,480</u> | <u>\$ 5,859,211</u> | <u>\$ 5,069,110</u> | <u>\$ 790,101</u> |
| <i>Net Change in Fund Balance</i> | \$ (1,579,037) | \$ (1,600,768) | \$ (568,634) | \$ 1,032,134 |
| <i>Fund Balance Beginning of Year</i> | <u>\$ 4,839,335</u> | <u>\$ 4,839,335</u> | <u>\$ 4,839,335</u> | <u>\$ -</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 3,260,298</u> | <u>\$ 3,238,567</u> | <u>\$ 4,270,701</u> | <u>\$ 1,032,134</u> |

See accompanying notes to the basic financial statements

Miami Township
Montgomery County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Budget and Actual - Budget Basis
Austin TIF Fund
For the Year Ended December 31, 2018

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Intergovernmental | \$ 106,252 | \$ 106,252 | \$ 277,643 | \$ 171,391 |
| Payments in Lieu of Taxes | \$ 4,900,000 | \$ 4,900,000 | \$ 4,550,400 | \$ (349,600) |
| Miscellaneous | \$ - | \$ - | \$ 13 | \$ 13 |
| <i>Total Receipts</i> | <u>\$ 5,006,252</u> | <u>\$ 5,006,252</u> | <u>\$ 4,828,056</u> | <u>\$ (178,196)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | \$ 1,898,407 | \$ 1,977,533 | \$ 1,785,630 | \$ 191,903 |
| Capital Outlay | \$ - | \$ 9,967 | \$ 9,000 | \$ 967 |
| Debt Service: | | | | |
| Principal Retirement | \$ 1,793,000 | \$ 1,799,311 | \$ 1,624,703 | \$ 174,608 |
| Interest and Fiscal Charges | \$ 1,545,759 | \$ 1,457,855 | \$ 1,316,382 | \$ 141,473 |
| <i>Total Disbursements</i> | <u>\$ 5,237,166</u> | <u>\$ 5,244,666</u> | <u>\$ 4,735,715</u> | <u>\$ 508,951</u> |
| <i>Net Change in Fund Balance</i> | \$ (230,914) | \$ (238,414) | \$ 92,341 | \$ 330,755 |
| <i>Fund Balance Beginning of Year</i> | \$ 3,462,184 | \$ 3,462,184 | \$ 3,462,184 | \$ - |
| Prior Year Encumbrances Appropriated | <u>\$ 7,392</u> | <u>\$ 7,392</u> | <u>\$ 7,392</u> | <u>\$ -</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 3,238,662</u> | <u>\$ 3,231,162</u> | <u>\$ 3,561,917</u> | <u>\$ 330,755</u> |

See accompanying notes to the basic financial statements

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Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Miami Township, Montgomery County, Ohio (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.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, and police protection.

Component Units

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

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

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in six jointly governed organizations and one public entity risk pool. Notes 7 and 13 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- *Miami Township – City of Dayton Joint Economic Development District* – This organization is the result of an agreement between the Township and the City of Dayton to promote economic development activities in a geographic area located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton.
- *Miami Crossing Joint Economic Development District* – This organization is the result of an agreement between the Township and the City of Miamisburg to promote economic development activities in a geographic area located in Miami Township. Originally known as the Miami Township – Dayton Mall Joint Economic Development District, the name was changed in 2018.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

- *Austin Landing Joint Economic Development District* – This organization is the result of an agreement between the Township, the City of Miamisburg, the City of Springboro and Montgomery County to promote economic development activities in a geographic area located in Miami Township.
- *Miami Valley Fire District* – This organization is the result of an agreement between the Township and the City of Miamisburg to provide fire and emergency medical services to the citizens of Miamisburg and Miami Township.
- *Hillgrove Union Cemetery* – This organization is the result of an agreement between the Township and the City of Miamisburg to provide burial grounds and burial services to the public.
- *Montgomery County Transportation Improvement District* – This organization is a statutorily created political subdivision created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The Township has entered into a cooperative agreement with the District.

Note 13 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

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

Note 7 to the financial statements provide 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

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

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position – modified cash basis and the statement of activities – modified cash basis 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.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

- ***General*** – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.
- ***Road and Bridge Fund*** – The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.
- ***Police Fund*** – The Police Fund receives property tax money for operating and maintaining the police department and the purchase of equipment.
- ***Fire Fund*** – The Fire Fund receives property tax money for operating and maintaining the fire department and the purchase of equipment.
- ***Austin TIF-East*** – The Austin TIF-East Fund receives payments in lieu of taxes for properties under tax increment financing agreements located within the Austin Road Interchange district.

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

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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. The Township uses a cash basis modified to include Ohio Revised Code 135 long-term investments.

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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution 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 and within each, the amount appropriated for personnel services 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution 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 resolution 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.

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 Cash Equivalents and Investments".

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

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

During 2018, the Township invested in negotiable certificates of deposit, government securities from the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation, money market mutual funds, and STAR Ohio. The negotiable certificates of deposit and the government securities are reported at cost. The Township's money market mutual fund investment is recorded at the amount reported by the broker on December 31, 2018.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 was \$234,908.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Township did not report restricted assets for the year ended December 31, 2018.

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.

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postretirement healthcare benefits.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received, and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

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 creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the Township's joint economic development districts, road improvements, and other purposes.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

The Township reported restricted net position of \$13,123,702 at December 31, 2018, none of which was restricted by enabling legislation.

Fund Balance

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

- ***Non-spendable*** – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.
- ***Restricted*** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
- ***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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

- **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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.
- **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.

Internal Activity

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

Note 3 – Accountability and Compliance

Accountability and Compliance

Contrary to Ohio Revised Code section 5705.41(B), expenditures in the Road and Bridge fund exceeded the amount appropriated. Further, the Township did not properly certify all disbursements as required by Ohio Revised Code section 5705.41(D)

Also, the Township established a capital reserve fund in fiscal year 2000 which is still on the books, contrary to the ten-year limitation per Ohio Revised Code Section 5705.13(C). Further, the balances of three of the Township's four budget stabilization funds exceeded the balance limit of the greater of five percent of the revenue credited to the respective fund in which the account was established or one-sixth of the expenditures during the preceding fiscal year in the respective fund in which the account was established, contrary to Ohio Revised. Code Section 5705.13(A).

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Road, and Bridge, Police, Fire and Austin TIF-EAST Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are as follows:

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

1. Outstanding year-end encumbrances are treated as cash disbursements (budget basis) rather than as restricted, committed or assigned fund balance (modified cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the modified cash basis are as follows:

| | <u>General</u> | <u>Road and Bridge</u> | <u>Police</u> | <u>Fire</u> | <u>Austin TIF-East</u> |
|-----------------------------|--------------------|------------------------|-------------------|---------------------|------------------------|
| Modified Cash Basis | \$ 50,024 | \$ (1,084,657) | \$ 314,176 | \$ (568,634) | \$ 99,561 |
| Adjustment for Encumbrances | 118,515 | 25,587 | 18,804 | | 7,220 |
| Budget Basis | <u>\$ (68,491)</u> | <u>\$ (1,110,244)</u> | <u>\$ 295,372</u> | <u>\$ (568,634)</u> | <u>\$ 92,341</u> |

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 with the exception that it will be held to maturity.

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

Deposits

Effective July 1, 2017, the Ohio Pooled Collateral System was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method. Township deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the Ohio Pooled Collateral System (OPCS).

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. A year-end, the Township's bank balance of \$3,684,232 was collateralized through participation in the OPCS.

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 the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a rate set by the Treasurer of State.

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Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2018, the Township had the following investments:

| Investment Type | Measurement Value | Investment Maturities (in Years) | | |
|------------------------------|---------------------|----------------------------------|--------------------|--------------------|
| | | Less than 1 | 1-2 | 3-5 |
| FHLB | \$ 1,275,000 | \$ - | \$ 775,000 | \$ 500,000 |
| FHLMC | 3,740,000 | 430,000 | 2,290,000 | 1,020,000 |
| Money Market Fund | 37,545 | 37,545 | - | - |
| Bank Certificate of Deposits | 9,724,000 | 2,890,000 | 3,001,000 | 3,833,000 |
| STAR Ohio | 180 | 180 | - | - |
| Total Investments | <u>\$14,776,725</u> | <u>\$3,357,725</u> | <u>\$6,066,000</u> | <u>\$5,353,000</u> |

Interest Rate Risk

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

Credit Risk

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

Custodial Credit Risk

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

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

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Concentration of Credit Risk

The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2018:

| Investment Issuer | Percentage of Investments |
|--|---------------------------|
| Bank Certificates of Deposit | 65.81 % |
| Federal Home Loan Mortgage Corporation Notes | 25.31 % |
| Federal Home Loan Bank Notes | 8.63 % |

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018, was \$19.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

| | |
|----------------------------------|---------------|
| Real Property | \$610,636,700 |
| Public Utility Personal Property | 18,337,260 |
| Total | \$628,973,960 |

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

Tax Abatements

For purposes of GASB Statement No. 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of those governments.

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For the year ending December 31, 2018, Miami Township had one Enterprise Zone property tax abatement agreement. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation. The parcel is subject to a 60% exemption through 2022. For 2018, the total value of real property subject to exemption was \$571,820. The impact on the township is as follows: General Fund - \$36; Road & Bridge Fund - \$464; Police Fund - \$1,990; and Fire Fund - \$1,388. The total amount was \$3,878.

Note 7 – Risk Management

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entities Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2018, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

| | | |
|-----------------------|----|------------|
| Cash and Investments | \$ | 33,097,416 |
| Actuarial Liabilities | \$ | 7,874,610 |

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.

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Contributions to OTARMA – 2018
\$ 185,317

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.

Note 8 – Defined Benefit Pension Plan

Plan Description – Township employees 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | 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 |
| 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 |
| 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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

| | State and Local | Law Enforcement |
|--|--------------------|--------------------|
| 2018 Statutory Maximum Contribution Rates | | |
| Employer | 14.0 % | 18.1 % |
| Employee | 10.0 % | ** |
| 2018 Actual Contribution Rates | | |
| Employer: | | |
| Pension | 14.0 % | 18.1 % |
| Post-employment Health Care Benefits | 0.0 | 0.0 |
| Total Employer | 14.0 % | 18.1 % |
| Employee | 10.0 % | 13.0 % |

** 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.
 Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
 The employer health care rate is for the traditional and combined plans.
 The employer contribution for the member-directed plan is 4%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$834,091 for year 2018.

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Note 9 – Postemployment 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 maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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 75. 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 2018, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS 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 into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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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 ending December 31, 2018, 2017, and 2016 was \$3,373, \$66,530, and \$95,207 respectively. The full amount has been contributed for all three years.

Note 10 – Debt

Long-Term Obligations

The Township's long-term debt activity for the year ended December 31, 2018, was as follows:

| | Amount Outstanding 12/31/17 | Additions | Deletions | Amount Outstanding 12/31/18 | Amounts Due in One Year |
|--|-----------------------------------|------------------|--------------------|-----------------------------------|-------------------------------|
| Governmental Activities | | | | | |
| Bonds | | | | | |
| Build America Bonds, Taxable Series 2010B: | | | | | |
| Public Works Building | \$ 3,764,200 | \$ - | \$ 203,000 | \$3,561,200 | \$211,700 |
| Fire Station | \$ 2,725,800 | \$ - | \$ 147,000 | \$2,578,800 | \$153,300 |
| Series 2015 - Refunding Bonds (Tax-Exempt) | \$ 2,315,000 | \$ - | \$ 100,000 | \$2,215,000 | 100,000 |
| Series 2015A - Various Purpose Bonds (Tax-Exempt) | \$ 3,005,000 | \$ - | \$ 150,000 | \$2,855,000 | 150,000 |
| Series 2015B - Park Acquisition and Improvement Bonds (Federally Taxable) | \$ 2,735,000 | \$ - | \$ 125,000 | \$2,610,000 | 130,000 |
| MCTID Special Obligation Bonds, Series 2015A Austin Landing Phase II Project | \$ 4,900,000 | \$ - | \$ 235,000 | \$4,665,000 | 240,000 |
| MCTID Special Obligation Bonds, Series 2015B Austin Landing Phase II Project | \$ 5,430,000 | \$ - | \$ 250,000 | \$5,180,000 | 255,000 |
| MCTID Special Obligation Bonds, Series 2010A Austin Landing Project | \$ 6,935,000 | \$ - | \$ 420,000 | \$6,515,000 | 440,000 |
| MCTID Special Obligation Bonds, Series 2008A Kingsridge Drive Project | \$ 3,404,000 | \$ - | \$ 240,000 | \$3,164,000 | 255,000 |
| MCTID Special Obligation Bonds, Series 2010B Austin Road Interchange and Related Projects | \$ 9,045,000 | \$ - | \$ 410,000 | \$8,635,000 | 430,000 |
| Total Bonds | 44,259,000 | | 2,280,000 | 41,979,000 | 2,365,000 |
| SIB Loans | | | | | |
| Byers Road Relocation | \$ 681,209 | \$ - | \$ 158,061 | \$ 523,148 | 165,263 |
| Austin Boulevard Project | \$ 226,006 | \$ - | \$ 34,703 | \$ 191,303 | 35,976 |
| Total SIB Loans | 907,215 | | 192,764 | 714,451 | 201,239 |
| Capital Leases | | | | | |
| 2015 Wheel Loader | \$ 39,611 | \$ - | \$ 39,611 | \$ - | \$ - |
| 2018 Backhoe | \$ 69,945 | \$ - | \$ 22,690 | \$ 47,255 | \$ 23,309 |
| 2018 Interceptors | \$ - | \$ 155,973 | \$ 38,995 | \$ 116,978 | \$ 38,995 |
| Total Capital Leases | 109,556 | 155,973 | 101,296 | 164,233 | 62,304 |
| Total Governmental Activities | \$45,275,771 | \$155,973 | \$2,574,060 | \$42,857,684 | \$2,628,543 |

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

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- *Build America Bonds, Taxable Series 2010B* – In April 2010 the Township issued \$8,550,000 in unvoted general obligation bonds for the purpose of paying the costs of constructing a Township public works facility and a Township fire station. The bond issue included serial and term bonds, in the amount of \$3,155,000 and \$5,395,000, respectively.
- *Series 2015 - Refunding Bonds (Tax-Exempt)* – On June 25, 2015 the Township issued \$2,455,000 in unvoted general obligation bonds for the purpose of prepaying prior to maturity its Certificates of Participation, Series 2005C (Miami Township, Ohio Project) dated May 17, 2005. The bond issue included serial and term bonds, in the amount of \$700,000 and \$1,715,000, respectively.
- *Series 2015A - Various Purpose Bonds (Tax-Exempt)* – On February 11, 2015 the Township issued \$3,410,000 in unvoted general obligation bonds for the purpose of paying, together with other lawfully available funds, the costs of discharging at maturity the Township’s outstanding \$3,360,000 Various Purpose Notes, Series 2014 (Tax Exempt) dated February 12, 2014. The bond issue included serial and term bonds, in the amount of \$1,480,000 and \$1,930,000, respectively.
- *Series 2015B - Park Acquisition and Improvement Bonds (Federally Taxable)* – On February 11, 2015 the Township issued \$3,085,000 in unvoted general obligation bonds for the purpose of paying, together with other lawfully available funds, the costs of discharging at maturity the Township’s outstanding \$2,995,000 Park Acquisition and Improvement Notes, Series 2014 (Federally Taxable), dated February 12, 2014. The bond issue included serial and term bonds, in the amount of \$475,000 and \$2,610,000, respectively.
- *MCTID Special Obligation Bonds, Series 2015A Austin Landing Phase II Project* – On February 11, 2015 the Township issued \$5,535,000 in bonds which are special obligations of the Montgomery County Transportation Improvement District (Ohio) secured by and payable solely from the proceeds of the Township’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law. The bonds were issued to currently refund the District’s outstanding \$11,435,000 Transportation Improvement Special Obligation Note, Series 2014 (Austin Landing Phase II Project) (the “2014 Note”), dated February 12, 2014 and maturing on February 11, 2015. The bond issue included serial and term bonds, in the amount of \$2,920,000 and \$2,615,000, respectively.
- *MCTID Special Obligation Bonds, Series 2015B Austin Landing Phase II Project* – On February 11, 2015 the Township issued \$6,110,000 in bonds which are special obligations of the Montgomery County Transportation Improvement District (Ohio) secured by and payable solely from the proceeds of the Township’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law. The bonds were issued to currently refund the District’s outstanding \$11,435,000 Transportation Improvement Special Obligation Note, Series 2014 (Austin Landing Phase II Project) (the “2014 Note”), dated February 12, 2014 and maturing on February 11, 2015. The bond issue included serial and term bonds, in the amount of \$930,000 and \$5,180,000, respectively.

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- *MCTID Special Obligation Bonds, Series 2010A Austin Landing Project* – In March 2010 the Township and the Montgomery County Transportation Improvement District (Ohio) (the MCTID) entered into an intergovernmental agreement related to the financing of a tax increment financing district (TIF District) established for the Austin Landing Project. The agreement requires the MCTID to make various improvements to the TIF District located within the Township. Funding for the project was obtained through \$9,200,000 in bonds. The bond issue included serial and term bonds, in the amount of \$4,990,000 and \$4,210,000, respectively.
- *MCTID Special Obligation Bonds, Series 2008A Kingsridge Drive Project* – In September 2008, the Township issued \$4,885,000 in bonds which are special obligations of the Montgomery County Transportation Improvement District (Ohio) secured by and payable solely from the proceeds of the Township’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law. The bonds were issued for construction and acquisition of improvements to Kingsridge Drive, Lyons Ridge Drive at Lyons Road, Route 725, the Ring Road at the Dayton Mall, and Southwind Drive. The bond issue included serial and term bonds, in the amount of \$1,725,000 and \$3,160,000, respectively.
- *MCTID Special Obligation Bonds, Series 2010B Austin Road Interchange and Related Projects* – In July 2010, the Township, two other local jurisdictions, and the Montgomery County Transportation Improvement District (Ohio) (the MCTID) entered into an intergovernmental agreement related to the tax increment financing district (TIF District) established for the Austin Landing Project. The agreement requires the MCTID to make various improvements to the TIF District, specifically the Austin Road Interchange and related projects. Funding for the project was obtained through \$20,335,000 in bonds. The bond issue included serial and term bonds, in the amount of \$11,000,000 and \$9,335,000, respectively. Of the total issuance, \$11,520,000 of the bonds are obligations of the Township.

Loans

- *Byers Road Relocation SIB Loan* – In October 2011, the Montgomery County Transportation Improvement District made the final draw on the State Infrastructure Loan for construction of improvements to Byers Road. The Township and the City of Miamisburg have pledged TIF revenues to repay the SIB loan. The debt is payable solely from TIF receipts and is payable through 2021.
- *Austin Boulevard SIB Loan* – In November 2013, the Montgomery County Transportation Improvement District made the final draw on the State Infrastructure Loan for construction of improvements to Austin Boulevard. The Township has pledged TIF revenues to repay the SIB loan. The debt is payable solely from TIF receipts and is payable through 2023.

Leases

- *2015 Wheel Loader* – In 2015 the Township entered into a capital lease in the amount of \$156,731 for a wheel loader. The last payment was made in 2018.
- *2017 Backhoe* – In 2017 the Township entered into a capital lease in the amount of \$69,645 for a backhoe.
- *2018 Interceptors* – In 2018 the Township entered into a capital lease in the amount of \$155,973 for four Ford Interceptors.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Principal and interest requirements to retire bonds, loans, and leases outstanding at December 31, 2018, were as follows:

| Township Long Term Obligations | | | | | | |
|--------------------------------|--------------|--------------|-----------|----------|----------------|----------|
| Year | Bonds | | SIB Loans | | Capital Leases | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2019 | 2,365,000 | 1,875,314 | 201,239 | 19,563 | 62,304 | 5,493 |
| 2020 | 2,440,000 | 1,787,855 | 207,321 | 13,479 | 62,941 | 4,237 |
| 2021 | 2,540,000 | 1,695,420 | 218,921 | 7,213 | 38,988 | 3,584 |
| 2022 | 2,625,000 | 1,588,096 | 39,337 | 2,103 | | |
| 2023 | 2,745,000 | 1,472,106 | 47,633 | 914 | | |
| 2024-2028 | 15,824,000 | 5,360,821 | | | | |
| 2029-2033 | 11,880,000 | 1,642,230 | | | | |
| 2034-2038 | 1,560,000 | 64,006 | | | | |
| Total | \$41,979,000 | \$15,485,848 | \$714,451 | \$43,272 | \$164,233 | \$13,314 |

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5% of its tax valuation.

Note 11 – TIF District Pledge

As a result of the agreements in Note 10 for the Kingsridge Drive Project (MCTID Special Obligation Bonds, Series 2008A), Austin Landing Project (MCTID Special Obligation Bonds, Series 2010A), Austin Interchange and Related Projects (MCTID Special Obligation Bonds, Series 2010B), Austin Phase II Project (MCTID Special Obligation Bonds, Series 2015A and 2015B), and Byers Road Relocation SIB Loan project, the Township has pledged to the Montgomery County Transportation Improvement District, the future payments in lieu of taxes (PILOT) made by property owners residing within the boundaries of the above mentioned areas in amounts equal to meet the debt service requirements of the bonds issued by and to be paid by the Montgomery County Transportation Improvement District, as follows:

| Year Ending December 31, | Kingsridge Drive Project | Austin Landing Project | Austin Interchange and Related Projects | Austin Phase II Project (Series 2015A) | Austin Phase II Project (Series 2015B) | Byers Road Relocation | Austin Boulevard Project | Total |
|----------------------------|-----------------------------|---------------------------|---|--|--|--------------------------|--------------------------------|---------------|
| 2019 | 406,675 | 843,069 | 794,250 | 377,144 | 433,806 | 179,361 | 41,441 | 3,075,746 |
| 2020 | 404,945 | 841,069 | 794,200 | 382,344 | 433,069 | 179,360 | 41,440 | 3,076,427 |
| 2021 | 407,775 | 842,609 | 798,625 | 377,344 | 437,249 | 184,694 | 41,440 | 3,089,736 |
| 2022 | 404,875 | 843,024 | 795,025 | 372,344 | 434,794 | - | 41,440 | 2,891,502 |
| 2023 | 406,100 | 841,609 | 795,825 | 367,344 | 437,231 | - | 48,547 | 2,896,656 |
| 2024-2028 | 2,040,025 | 4,210,585 | 3,983,350 | 1,872,219 | 2,173,175 | - | - | 14,279,354 |
| 2029-2033 | - | 842,338 | 3,986,000 | 1,871,169 | 2,171,306 | - | - | 8,870,813 |
| 2034-2038 | - | - | - | 376,406 | 436,800 | - | - | 813,206 |
| Total Principal + Interest | \$ 4,070,395 | \$ 9,264,303 | \$ 11,947,275 | \$ 5,996,314 | \$ 6,957,430 | \$ 543,415 | \$ 214,308 | \$ 38,993,440 |

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 12 – Contingent Liabilities

The Township is party to various legal proceedings seeking damages. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 13 – Jointly Governed Organizations

Miami Township – City of Dayton Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the City Commission under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, on January 1, 2007. The District operates under the direction of a five-member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Commission; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Commission with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Commission; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township and includes the Dayton - Wright Brothers Airport, which is owned by the City of Dayton. The District levies a 1.75% income tax on substantially all income earned in the District. The City of Dayton collects income taxes on behalf of the District. The District is required to pay 50% of the Contracting Parties Distribution to the Township and 50% of the Contracting Parties Distribution to the City. During 2018, the District paid the Township \$138,402. To obtain financial information, write to the Miami Township – City of Dayton Joint Economic Development District, 2700 Lyons Road, Miamisburg, Ohio 45342.

Miami Crossing Joint Economic Development District is a political body incorporated and established by the Township Board of Trustees and the Miamisburg City Council under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, on June 11, 2009. Formerly known as the Miami Township – Dayton Mall Joint Economic Development District, the contracting jurisdictions approved an amendment to the establishing agreement that changed the name of the District effective January 1, 2018. The District operates under the direction of a five-member Board of Directors. By law the Board is comprised of one member representing the City, appointed by the City Council; one member representing the Township, appointed by the Township Trustees; one member representing the owners of the businesses located in the District, appointed by the City Council with the concurrence of the Township Trustees; one member representing the persons employed in the District, appointed by the Township Trustees with the concurrence of the City Council; and one member selected by the other Board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township. The District levies a 2.25% income tax on substantially all income earned in the District. The City of Miamisburg collects income taxes on behalf of the District. The District is required to pay 70% of the Contracting Parties Distribution to the Township and 30% of the Contracting Parties Distribution to the City. During 2018, the District paid the Township \$430,029. To obtain financial information, write to the Miami Crossing Joint Economic Development District, 2700 Lyons Road, Miamisburg, Ohio 45342.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Austin Center Joint Economic Development District is a political body incorporated and established by Miami Township, the City of Miamisburg, the City of Springboro and Montgomery County under the provisions of Sections 715.72 to 715.83 of the Ohio Revised Code, effective September 1, 2009. The District operates under the direction of a five-member Board of Directors. By law the Board is comprised of one member from appointed by each of the respective entities and one member representing the owners of the businesses located in the District, appointed by a majority of the 4 appointed board members. The District's purpose is to promote economic development activities in the geographic area comprising the District. Such area is located in Miami Township. The District levies a 2.25% income tax on substantially all income earned in the District. The City of Miamisburg collects income taxes on behalf of the District. The District is required to pay 57.166% of the Contracting Parties Distribution to the Township, and 22.267% of the Contracting Parties Distribution to the City of Miamisburg, and 20.567% of the Contracting Parties Distribution to the City of Springboro. During 2018, the District paid the Township \$514,494. To obtain financial information, write to the Austin Landing Joint Economic Development District, 10 North First Street, Miamisburg, Ohio 45342.

Miami Valley Fire District – is a political body incorporated and established by Miami Township and the City of Miamisburg in accordance with Ohio Revised Code Section 505.371. The District was formed on August 31, 2011, and operations began June 11, 2012. The District provides fire and emergency medical services to the citizens of Miamisburg and Miami Township. The District is a jointly governed organization between the City and the Township. By-laws were adopted by the District and allow for a five-member governing Board of Trustees. The City appoints two trustees, the Township appoints two trustees and one trustee is selected by the total membership of the Board of Trustees. Funding for the District is provided by levy funds and general fund monies of the City and Township. In 2018, \$4,751,130 was transferred to the District. The District intends to ultimately pursue a levy of taxes in an amount to replace the existing Township and City levies for the operation of the District.

The By-laws provide for an Operational Oversight Committee which is occupied by the City Manager and Township Administrator. This committee will review and comment on all budget proposals, personnel policy and operational and procedural matters, with the final budget approved by City Council and Township Trustees. The Township does not have any equity interest in the Miami Valley Fire District. To obtain financial information, write to the Miami Valley Fire District, 10 North First Street, Miamisburg, Ohio 45342

Hillgrove Union Cemetery is a jointly governed organization by Miami Township and the City of Miamisburg. The Cemetery provides burial groups and burial services to the public.

In September 2006, it was determined the Hillgrove Cemetery Association could no longer operate as a viable organization. Therefore, it was determined that a joint cemetery be established to ensure the on-going operations and maintenance of the Hillgrove Cemetery. In accordance with Ohio Revised Code Section 759.27, the City and Township decided to form a union cemetery to manage and operate Hillgrove Cemetery. The agreement called for each party to equally share any cost to operate, maintain, and improve the Cemetery in excess of the revenues it receives.

As a result of this agreement, and in accordance with Ohio Law, a joint council consisting of the council members of the City of Miamisburg and the Trustees of Miami Township governs the Cemetery. The joint council appoints the members of the Board of Trustees. The Board of Trustees consist of the following: one elected member of the legislative body from each of the political subdivisions and one appointed resident from each of the political subdivisions who is not a member of the legislative body.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The joint council exercises control over the operation of the Cemetery through budgeting, appropriating, and contracting. The Board of Trustees control daily operations of the Cemetery. During 2018, the Township contributed a total of \$60,000 to the Cemetery. The contribution included \$20,000, requested by the Cemetery, for a capital construction project. To obtain financial information, write to the Hillgrove Union Cemetery, 10 North First Street, Miamisburg, Ohio 45342.

Montgomery County Transportation Improvement District is a statutorily created political subdivision created for the purpose of financing, constructing, maintaining, repairing and operating selected transportation projects. The District is a jointly governed entity administered by a Board of Directors that acts as a legislative body and is comprised of seven board members, of whom five are voting and two are non-voting appointed by Montgomery County and State governments. Of the seven, three are elected as officers of the District.

The Township entered into a cooperative agreement with the District on December 15, 2005, which was last amended on August 23, 2012, and includes the City of Miamisburg, Miami Township, the City of Springboro, and the Miamisburg City School District related to the Austin Road Interchange Project. This project is intended to enhance and facilitate traffic flow in the southern portion of Montgomery County and further stimulate development of real property in the hope of expanding the employment base in the area. Each entity has agreed to borrow their predetermined respective sum as collateral for the District borrowing monies from the State Infrastructure Bank or from any other appropriate sources in an amount to pay their respective portion of the costs to be incurred for the Austin Road Interchange Project.

The bonds were used to realign Byers Road to promote further development within the Austin Center Interchange area. Repayment of the bonds is collateralized by Tax Increment Financing and the full faith and credit of the Township.

Additionally, the Township entered into arrangements with the District to issue Special Obligation Bonds for the Austin Landing, Austin Landing Phase II, and Kingsridge Drive Projects. Repayment of the bonds is collateralized by Tax Increment Financing and other local receipts. To obtain financial information, write to the Montgomery County Transportation Improvement District, 451 West Third Street, Dayton, Ohio 45422.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 14 – 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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | General Fund | Road & Bridge Fund | Police Fund | Fire Fund | Austin - TIF East Fund | Other Gov't Funds | Total |
|-----------------------------|-------------------------|---------------------------------------|------------------------|----------------------|---------------------------------------|----------------------------------|---------------|
| Restricted for | | | | | | | |
| Public Safety | \$ - | \$ - | \$ 2,468,628 | \$ 4,270,701 | \$ - | \$ - | \$ 6,739,329 |
| Other | - | - | - | - | 3,569,137 | 2,815,236 | 6,384,373 |
| <i>Total Restricted</i> | \$ - | \$ - | \$ 2,468,628 | \$ 4,270,701 | \$ 3,569,137 | \$ 2,815,236 | \$ 13,123,702 |
| Committed to | | | | | | | |
| Road and Bridge | \$ - | \$ 1,122,093 | \$ - | \$ - | \$ - | \$ - | \$ 1,122,093 |
| <i>Total Committed</i> | \$ - | \$ 1,122,093 | \$ - | \$ - | \$ - | \$ - | \$ 1,122,093 |
| Assigned to | | | | | | | |
| Encumbrances | \$ 95,393 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 95,393 |
| <i>Total Assigned</i> | \$ 95,393 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 95,393 |
| Unassigned (Deficit) | \$ 4,085,455 | | | | | | \$ 4,085,455 |
| <i>Total Fund Balances</i> | \$ 4,180,848 | \$ 1,122,093 | \$ 2,468,628 | \$ 4,270,701 | \$ 3,569,137 | \$ 2,815,236 | \$ 18,426,643 |

In addition to the above fund balance constraints, the Township has a General Fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the Township established a budget stabilization by resolution to provide options to respond to unexpected issues and afford a buffer against shocks and other forms of risk such as revenue volatility, unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. The Township Trustees authorized the funding of this arrangement as resources become available in the General Fund. The fund balance should not exceed 30 percent of the General Fund average revenues. The balance in the reserve at December 31, 2018, is \$1,800,656.

Note 15 – Subsequent Events

The Township issued \$8,180,000 of refunding bonds in August 2019 to refund certain securities previously issued by the Township and the Montgomery County Transportation Improvement District. Interest on the bonds will be payable semi-annually beginning December 1, 2019 and principal will be due annually beginning December 1, 2019. The proceeds from the sale of the bonds will be used for the purpose of redeeming the Series 2008 Kingsridge Road Improvement Bonds, refunding the 2008A Kingsridge Drive Special Obligation Bonds, and redeeming the 2010B Build America Bonds.

The Township and the Montgomery County Transportation Improvement District issued a promissory note in May 2019 in the amount of \$1,960,589 with the State Infrastructure Bank. Interest and principal on the note will be payable annually beginning in May 2020. The proceeds of the note will be used for the local share of the Lyons Road Pedestrian Access Project.

Miami Township
Montgomery County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 16 – Restatement of Beginning Fund Balance

The Township implemented a new account code structure in fiscal year 2018. As a part of this re-structuring of accounts, the Township merged the Miami Township Police Academy fund into the Police Fund. This had the following effect on the Township's fund balances reported at December 31, 2017:

| | Police Fund | Other Governmental Funds |
|--|--------------------|---|
| Fund Balance at December 31, 2017 | \$ 2,151,316 | \$ 3,086,390 |
| Restatement | 3,136 | (3,136) |
| Restated Fund Balance at December 31, 2017 | \$ 2,154,452 | \$ 3,083,254 |

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OHIO AUDITOR OF STATE KEITH FABER



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

Miami Township
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Montgomery County, (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 26, 2019, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2018-001 and 2018-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001, 2018-002, and 2018-004.

Township's Responses 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

November 26, 2019

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

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

FINDING NUMBER 2018-001

Material Weakness and Noncompliance – Financial Statement Errors and Expenditures in Excess of Appropriations

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township presented its financial statements in accordance with Other Comprehensive Basis of Accounting (OCBOA). The Township's financial report contained errors which resulted in adjustments and reclassifications to correctly report the Township's financial activity.

Due to lack of controls over the review of the financial statements, the following errors were identified as material and resulted in audit adjustments which are reflected within the accompanying financial statements and have been adjusted in the Township's accounting system:

- The Township did not post federal earmarked proceeds and IRS subsidy proceeds the Montgomery County Transportation Improvement District (the TID) received that were applied toward debt payments for the Austin TIF East general obligation bonds. As a result, debt service: interest and fiscal charges and grants and entitlements not restricted to specific programs were understated by \$178,191 in Governmental Activities and debt service: interest and fiscal charges and intergovernmental receipts were understated by the same amount in the Austin TIF-East fund.
- The Township improperly posted JEDD proceeds as property tax receipts rather than intergovernmental receipts in the General fund. As a result, property and other local taxes were overstated and intergovernmental receipts were understated by \$1,082,924 in the General fund. Further, property taxes levied for general purposes were overstated and grants and entitlements not restricted to specific programs were understated by \$1,082,924 in Governmental Activities.
- The Township improperly posted a portion of property tax receipts as intergovernmental receipts. As a result, property and other local taxes were understated and intergovernmental receipts were overstated by \$423,767, \$387,074, and \$147,692 in the Fire, Police, and Road & Bridge funds, respectively. Further, property taxes levied for general purposes were understated by \$958,533 and operating grants and contributions were overstated by the same amount in Governmental Activities.
- The Township improperly recorded lease payments associated with the backhoe lease as capital outlay in the Road and Bridge fund rather than debt service in the Permissive Motor Vehicle Tax fund as mandated in Exhibit B of the original lease agreement. As a result, the Township overstated capital outlay and understated cash by \$24,599 in the Road and Bridge fund. Further, the Township understated debt service: principal retirement and debt service: interest and fiscal charges by \$22,690 and \$1,909, respectively, and overstated cash by \$24,599 in Other Governmental Funds. In addition, the Township understated debt service: principal retirement, debt service: interest and fiscal charges, and unrestricted net position by \$22,690, \$1,909, and \$24,599, respectively, and overstated capital outlay and net position: restricted for other programs by \$24,599 in Governmental Activities.

FINDING NUMBER 2018-001
(Continued)

- The Township improperly paid debt service payments for the 2010 Public Works Building Bond out of the Austin TIF-East fund rather than the Road and Bridge fund. As a result, debt service: principal retirement and debt service: interest and fiscal charges were overstated by \$203,000 and \$236,114, respectively, in the Austin TIF-East fund and understated by the same amounts in the Road and Bridge fund. Further, cash was understated by \$439,114 in the Austin TIF-East fund and overstated by the same amount in the Road and Bridge fund. These errors resulted in an overstatement of unrestricted net position and an understatement of net position restricted for Austin TIF-East in Governmental Activities of \$439,114.
- **Governmental Accounting Standards Board (GASB) Codification 1800.176** states, in part, an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. This would be applicable only to the General fund as it is the only fund with a positive unassigned fund balance. **Auditor of State Bulletin 2011-004** states, in part, when an appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The Township improperly calculated an amount by which subsequent year appropriations exceeded subsequent year's estimated receipts at December 31, 2018. As a result, assigned balance was overstated and unassigned balance was understated by \$762,421 in the General fund.
- The Township improperly classified payments for curb ramp reconstruction and resurfacing through the Montgomery County Resurfacing Program as debt service rather than capital outlay. As a result, debt service: principal retirement was overstated and capital outlay was understated by \$26,057 in the Motor Vehicle License fund. Additionally, the Township improperly classified annual contributions to the Montgomery County Transportation Improvement District as debt service: principal retirement rather than capital outlay. As a result, debt service: principal retirement was overstated and capital outlay was understated by \$103,437 in the Kingsridge TIF fund. These errors also resulted in an overstatement of debt service: principal retirement and an understatement of capital outlay of \$129,494 in Governmental Activities.

Due to lack of controls over the review of the financial statements, the financial statements also contained the following errors that were identified as immaterial and did not require adjustment to the financial statements:

- The Township improperly posted a portion of property tax receipts as intergovernmental receipts. As a result, property and other local taxes were understated and intergovernmental receipts were overstated by \$20,619 in the General fund. Further, property taxes levied for general purposes were understated and grants and entitlements not restricted to specific programs were overstated by the same amount in Governmental Activities.
- The Township improperly recorded receipts from Norfolk, OTARMA, and the Hundred Club as intergovernmental receipts. As a result, intergovernmental receipts were overstated and miscellaneous receipts were understated by \$6,500 in the Police fund and Governmental Activities.
- The Township improperly classified the final lease payment on a wheel loader as capital outlay. As a result, capital outlay was overstated by \$40,506 and debt service: principal retirement and debt service: interest and fiscal charges were understated by \$39,611 and \$895, respectively, in the Road & Bridge fund and Governmental Activities.
- **GASB Codification 1800.184** states, in part, encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned should not be classified as unassigned but, rather, should be included within committed or assigned fund balance, as appropriate. The Township did not properly assign all encumbrances outstanding at December 31, 2018. As a result, assigned fund balance was understated and unassigned balance was overstated by \$23,121 in the General fund.

FINDING NUMBER 2018-001
(Continued)

- The Township entered into a lease agreement for police vehicles during 2018; however, the proceeds of the lease and related capital outlay for the vehicles were not posted. Further, the payments were improperly classified as capital outlay rather than debt service. As a result, debt service: principal retirement, debt service: interest and fiscal charges, capital outlay, and proceeds of capital lease were understated by \$38,995, \$3,584, \$155,973, and \$155,973, respectively, and capital outlay was overstated by \$42,579 in Governmental Activities and the Police fund.

Due to lack of controls over the review of the budgetary statements, the Township's Statements of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual - Budget Basis contained the following errors that were identified as material and resulted in audit adjustments which are reflected in the accompanying financial statements:

- The Township overstated fund balance, beginning of year by \$95,393, \$2,500, \$128,244, and \$7,392 in the General, Road and Bridge, Police, and Austin TIF-East funds, respectively.
- The Township understated prior year encumbrances appropriated by \$95,393, \$2,500, \$128,244, and \$7,392 in the General, Road and Bridge, Police, and Austin TIF-East funds, respectively.
- The Township overstated original budgeted receipts by \$1,035,696, \$147,808, and \$493,918 in the General, Road and Bridge, and Police funds, respectively.
- The Township overstated final budgeted receipts by \$1,030,254, \$147,808, and \$493,918 in the General, Road and Bridge, and Police funds, respectively.
- The Township understated actual receipts by \$178,191 in the Austin TIF-East fund.
- The Township overstated final budgeted disbursements by \$93,578, \$120,990, and \$7,393 in the General, Police, and Austin TIF-East funds, respectively.
- The Township understated actual budgetary disbursements by \$118,514, \$440,102, and \$18,804 in the General, Road and Bridge, and Police funds, respectively, and overstated actual budgetary disbursements by \$253,702 in the Austin TIF-East fund.

Finally, as a result of the audit adjustments applied, subsequent noncompliance occurred with **Ohio Rev. Code § 5705.41(B)**, which states, in part, no taxing unit shall make any expenditure of money unless it has been appropriated. In addition, **Ohio Rev. Code § 5705.40** states, in part, any appropriation measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of the law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. At December 31, 2018 the Road and Bridge fund's budgetary disbursements exceeded appropriations by \$398,217. Prior to audit adjustments, the Township was in compliance with these Revised Code sections.

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts and in the correct years. The Township should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. The Township should also implement procedures to review Auditor of State Bulletin 2011-004 prior to completion of the financial statements to verify that all ending fund balances reported comply with its requirements. Failure to do so could result in financial statement users basing their conclusions on materially misstated financial data and findings for adjustment in future audits.

Officials' Response:

Management understands the importance of accurate data and has implemented a series of internal control measures to ensure that expenditures do not exceed appropriated funds. These measures include but are not limited to monthly bank reconciliation to the accounting system to ensure all receipts and expenditures are accounted and recorded. Processes to help ensure that budgetary information is accurately recorded and maintained in the accounting system are being implemented. In addition, a new chart of accounts was implemented to address classification and recognition errors noted in prior audits.

FINDING NUMBER 2018-002

Noncompliance – Reserve Balance Accounts

Ohio Rev. Code § 5705.13(A) states, in part, a taxing authority of a subdivision, by resolution or ordinance, may establish reserve balance account to accumulate currently available resources to stabilize subdivision budgets against cyclical changes in revenues and expenditures. A reserve balance account established for the purpose described in division (A)(1) of this section may be established in the general fund or in one or more special funds for operating purposes of the subdivision. The amount of money to be reserved in such an account in any fiscal year shall not exceed five per cent of the revenue credited in the preceding fiscal year to the fund in which the account is established, or, in the case of a reserve balance account of a county or of a township, the greater of that amount or one-sixth of the expenditures during the preceding fiscal year from the fund in which the account is established.

Ohio Rev. Code § 5705.13(C) states, in part, a taxing authority of a subdivision, by resolution or ordinance, may establish a capital projects fund for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the subdivision. A taxing authority of a subdivision shall not accumulate money in a capital projects fund for more than ten years after the resolution or ordinance establishing the fund is adopted. If the subdivision has not entered into a contract for the acquisition, construction, or improvement of fixed assets for which money was accumulated in such a fund before the end of that ten-year period, the fiscal officer of the subdivision shall transfer all money in the fund to the fund or funds from which that money originally was transferred or the fund that originally was intended to receive the money.

The Township established four budget stabilization accounts and a capital reserve fund during the year ended December 31, 2000. The capital reserve fund is eight years past the ten year limit and has not been rescinded. At December 31, 2018 the Capital Reserve fund had a balance of \$2,295,731.

In addition, three of the four budget stabilization account balances exceeded the balance limit of the greater of five percent of the revenue credited to the respective fund in which the account was established or one-sixth of the expenditures during the preceding fiscal year in the respective fund in which the account was established. The General, Fire, and Road and Bridge Budget Stabilization funds had balances in excess of the allowable amounts under the Ohio Rev. Code at December 31, 2018. The balances of the funds at December 31, 2018 follow:

- General Fund Budget Stabilization \$1,800,656
- Fire Fund Budget Stabilization \$902,395
- Police Fund Budget Stabilization \$311,201
- Road and Bridge Fund Budget Stabilization \$762,138

During the year ended December 31, 2017 the General, Fire, Road and Bridge, and Police funds had revenues of \$2,868,787, \$4,490,840, \$1,920,027, and \$6,135,858, respectively, and expenditures of \$2,414,508, \$4,887,796, \$1,986,254, and \$5,617,761, respectively.

The Township should implement policies and procedures to verify that budget stabilization account balances do not exceed the maximum annual accumulation amounts and capital reserve accounts are used or rescinded prior to the accumulation time limit. Failure to do so could lead to the Trustees basing financial decisions on inaccurate financial data.

Officials' Response:

Miami Township is committed to fiscal responsibility and believes that maintaining reserve balances is a prudent risk management practice. Miami Township is establishing reserve accounts in compliance with Revised Code Sections 5705.13 and 5705.132. Management will implement procedures to ensure these balances are reviewed periodically through the budgeting process to ensure on-going compliance with Revised Code requirements.

FINDING NUMBER 2018-003

Material Weakness – Budgetary Information in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Township received Official and Amended Certificates of Estimated Resources from the Montgomery County Budget Commission. The official and amended certificates establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger to enable the Township to monitor budgetary compliance with the approved budgeted amounts throughout the year.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The amounts entered into the accounting system as estimated receipts for 2018 did not agree to the Official Certificate of Estimated Resources as received from the Montgomery County Budget Commission. Variances between the Official Certificate and the accounting system ranged from \$(40,239) to \$1,030,254.

The amounts entered as budgeted receipts in the accounting system should agree to the official certified receipts. Inaccuracy of the data entered into the accounting system limits the reliability of controls that the budgetary reports provide to Township management. Procedures should be implemented to verify that information entered into the accounting system agrees to legislatively approved amounts. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

Officials' Response:

Management understands the importance of accurate data and has implemented internal control measures to ensure that expenditures do not exceed available funds. The bank balance is reconciled each month to the accounting system and is shared with the Trustees and Administrator. Management has implemented processes to help ensure budget information in the accounting system is updated and the county auditor is notified of unexpected changes in revenues or appropriations.

FINDING NUMBER 2018-004

Noncompliance – Proper Encumbering of Disbursements

Ohio Rev. Code § 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are : "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in the sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**FINDING NUMBER 2018-004
(Continued)**

1. **"Then and Now" Certificate** - If the fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. **Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not to exceed an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** - The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

On April 14, 2015, Township Trustees passed Resolution 041-2015, which adopted a process for purchases without a purchase order for purchases under \$1,500. Four of eighteen (22%) tested purchases made during the year ended December 31, 2018 were made under this policy. These purchases had no purchase order and therefore no fiscal officer certification, nor any "then and now" documentation present.

Failure to properly certify the availability of all funds could result in misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township should certify that all funds are or will be available prior to the obligation through the issuance of a purchase order.

Officials' Response:

Following the implementation of the standardized chart of accounts, management has implemented the recommended changes in 2019. Miami Township continues to employ a multiple level review and approval process for expenditures by department staff and management. Department Heads are required to review and approve all expenditures within their areas of responsibility. Finance is ensuring adequate funds are available on the purchase order and prompting a budget adjustment if not.

OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2018-005

Finding for Recovery

Board of Trustees Resolution 160-78 states, in part, Miami Township Board of Trustees as of this date impose a 3% excise tax collected quarterly with the payment made to the township within 20 days after the close of each quarter, having payment start with first full quarter of business.

Hawthorn Suites - Dayton South, a Wyndham Hotels & Resorts property, submitted a tax payment for the fourth quarter of 2017 on January 17, 2018. The tax due was \$7,162; however, Hawthorn Suites paid \$3,553, an underpayment of \$3,609, due to a calculation error on the Transient Occupancy Tax Return.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a Finding for Recovery for public monies due but not collected is hereby issued against Wyndham Hotels & Resorts in the amount of \$3,609 and in favor of Miami Township's General Fund.

The Township should implement procedures to verify that transient tax returns are accurate and properly calculated in accordance with Resolution 160-78. Failure to do so could result in the Township not collecting the money it is due from Township hotels and motels.

Officials' Response:

Prior to the audit, management had been an overhaul of the occupancy tax review process, including an internal audit of the receipts since the Q1-2018 filings. Supporting documentation requirements have been enhanced and the filing documentation have been revised to help reduce filing and calculation errors observed in our internal audit. Receipts from Q4-2017 were not included in the scope of our internal audit. Management has notified the former franchise owner, via certified mail, of the shortage. To date that individual has not responded.

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|--|
| 2017-001 | Noncompliance – Reserve Balance Accounts | Not corrected | Repeated as Finding 2018-002 Miami Township is committed to fiscal responsibility and believes that maintaining reserve balances is a prudent risk management practice. Miami Township is establishing reserve accounts in compliance with Revised Code Sections 5705.13 and 5705.132. Management will implement procedures to ensure these balances are reviewed periodically through the budgeting process to ensure on-going compliance with Revised Code requirements. |
| 2017-002 | Noncompliance – Proper Encumbering of Disbursements | Not corrected | Repeated as Finding 2018-004 Following the implementation of the standardized chart of accounts, management has implemented the recommended changes in 2019. Miami Township continues to employ a multiple level review and approval process for expenditures by department staff and management. Department Heads are required to review and approve all expenditures within their areas of responsibility. Finance is ensuring adequate funds are available on the purchase order and prompting a budget adjustment if not. |
| 2017-003 | Noncompliance – Expenditures Exceeding Appropriations | Not corrected | Repeated as Finding 2018-001 Management understands the importance of accurate data and has implemented a series of internal control measures to ensure that expenditures do not exceed appropriated funds. These measures include but are not limited to monthly bank reconciliation to the |

FINANCE

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| | | | |
|----------|--|---------------|--|
| | | | accounting system to ensure all receipts and expenditures are accounted and recorded. Processes to help ensure that budgetary information is accurately recorded and maintained in the accounting system are being implemented. In addition, a new chart of accounts was implemented to address classification and recognition errors noted in prior audits. |
| 2017-004 | Material Weakness – Budgetary Information in the Accounting System | Not corrected | Repeated as Finding 2018-003 Management understands the importance of accurate data and has implemented internal control measures to ensure that expenditures do not exceed available funds. The bank balance is reconciled each month to the accounting system and is shared with the Trustees and Administrator. Management has implemented processes to help ensure budget information in the accounting system is updated and the county auditor is notified of unexpected changes in revenues or appropriations. |
| 2017-005 | Material Weakness – Financial Statement Errors | Not corrected | Repeated as Finding 2018-001 Management understands the importance of accurate data and has implemented a series of internal control measures to ensure that expenditures do not exceed appropriated funds. These measures include but are not limited to monthly bank reconciliation to the accounting system to ensure all receipts and expenditures are accounted and recorded. Processes to help ensure that budgetary information is accurately recorded and maintained in the accounting system are being implemented. In addition, a new chart of accounts was implemented to address classification and recognition errors noted in prior audits. |

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OHIO AUDITOR OF STATE KEITH FABER



MIAMI TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2019**