

MIAMI TOWNSHIP
GREENE COUNTY, OHIO
BIENNIAL AUDIT
JANUARY 1, 2002 - DECEMBER 31, 2003





**Auditor of State
Betty Montgomery**

Board of Trustees
Miami Township
225 Corry Street
Yellow Springs, Ohio 45387

We have reviewed the Independent Auditor's Report of Miami Township, Greene County, prepared by Kennedy, Cottrell & Associates LLC, for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 30, 2004

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**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

January 1, 2002 to December 31, 2003

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**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2003**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mark Crockett	Trustee	12/31/2005
Chris Mucher	Trustee	12/31/2003
Lamar Spracklen	Trustee	12/31/2005
Margaret Silliman	Clerk	03/31/2004

Legal Counsel:

William Schneck
Greene County Prosecuting Attorney
45 North Detroit Street
Xenia, Ohio 45385

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund:

General Fund

Special Revenue Funds:

Motor Vehicle License Tax

Gasoline Tax

Road and Bridge

Fire Special Levy

Permissive Motor Vehicle License Tax

Capital Project Funds:

5-Year Capital Projects

U. Truck Capital Projects

Purchase of Tanker

Estate M. Capital Projects

Expendable Trusts

Grinnell Cemetery Trusts



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Miami Township
225 Corry St.
Yellow Springs, OH 45387

We have audited the accompanying financial statements of Miami Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Miami Township, Greene County, as of December 31, 2002 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004, 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 grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 30, 2004

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES – ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:					
Property Taxes	\$ 62,969	\$ 369,812	\$ -	\$ -	\$ 432,781
Charges for Services	-	4,445	-	-	4,445
Licenses, Permits, and Fees	1,240	14,101	-	-	15,341
Fines and Forfeitures	-	6,950	-	-	6,950
Intergovernmental	95,714	116,857	-	-	212,571
Earnings on Investments	4,263	252	1,759	29	6,303
Miscellaneous	-	22,967	-	-	22,967
Total Cash Receipts	164,186	535,384	1,759	29	701,358
Cash Disbursements:					
General Government	93,786	-	-	-	93,786
Public Safety	54	317,736	108,303	-	426,093
Public Works	19,014	126,195	33,548	-	178,757
Health	10,988	-	-	-	10,988
Capital Outlay	5,869	38,667	-	-	44,536
Total Cash Disbursements	129,711	482,598	141,851	-	754,160
Total Receipts Over/(Under) Disbursements	34,475	52,786	(140,092)	29	(52,802)
Other Financing Receipts/Disbursements					
Transfers-In	-	-	70,000	-	70,000
Transfers-Out	-	(70,000)	-	-	(70,000)
Other Financing Sources	1,649	-	-	-	1,649
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources/(Uses)	1,649	(70,000)	70,000	-	1,649
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	36,124	(17,214)	(70,092)	29	(51,153)
Fund Cash Balances January 1, 2003	103,716	177,723	208,056	2,598	492,093
Fund Cash Balances December 31, 2003	\$ 139,840	\$ 160,509	\$ 137,964	\$ 2,627	\$ 440,940
Reserve For Encumbrances, December 31	\$ -	\$ 21,492	\$ -	\$ -	\$ 21,492

The accompanying notes are an integral part of this statement

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES – ALL GOVERNMENTAL AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash Receipts:					
Property Taxes	\$ 54,798	\$ 381,200	\$ -	\$ -	\$ 435,998
Charges for Services	-	2,067	-	-	2,067
Licenses, Permits, and Fees	1,032	-	-	-	1,032
Intergovernmental	134,585	123,157	-	-	257,742
Earnings on Investments	4,577	284	3,290	58	8,209
Miscellaneous	2,493	7,910	-	-	10,403
Total Cash Receipts	197,485	514,618	3,290	58	715,451
Cash Disbursements:					
General Government	100,451	-	-	-	100,451
Public Safety	877	299,632	-	-	300,509
Public Works	30,533	99,903	-	-	130,436
Health	10,969	-	-	-	10,969
Other	-	48,048	-	-	48,048
Capital Outlay	-	9,972	30,619	-	40,591
Total Cash Disbursements	142,830	457,555	30,619	-	631,004
Total Receipts Over/(Under) Disbursements	54,655	57,063	(27,329)	58	84,447
Other Financing Receipts/Disbursements					
Sale of Fixed Assets	-	4,441	-	-	4,441
Transfers-In	2,500	169,422	140,136	-	312,058
Transfers-Out	(39,286)	(140,136)	(130,136)	(2,500)	(312,058)
Total Other Financing Sources/(Uses)	(36,786)	33,727	10,000	(2,500)	4,441
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	17,869	90,790	(17,329)	(2,442)	88,888
Fund Cash Balances January 1, 2002	85,847	86,933	225,385	5,040	403,205
Fund Cash Balances December 31, 2002	\$ 103,716	\$ 177,723	\$ 208,056	\$ 2,598	\$ 492,093
Reserve For Encumbrances, December 31	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

1. Summary of Significant Accounting Policies

A. Description of the Entity

Miami Township, Greene County, Ohio (the Township) is a body corporate and politic 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 provides general governmental services, including road maintenance, cemetery maintenance, zoning, fire protection, and emergency medical services.

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

B. Basis of Accounting

These financial statements were prepared on the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Fund - This fund receives property tax money to provide fire protection and emergency services to Township residents.

Capital Project Funds

The Township used these fund types to account for acquisitions of equipment and construction of facilities.

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

C. Fund Accounting (continued)

Expendable Trust Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. The Township had the following expendable trust fund:

Grinnell Cemetery Trusts – Amounts donated are to be used for grave upkeep as specified by the donor.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated. A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the Township's basis of accounting.

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

2. Equity in Pooled Cash

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Depository Balance	\$(13,149)	\$(11,468)
STAR Ohio	<u>454,089</u>	<u>503,561</u>
Total Cash and Investments	<u>\$440,940</u>	<u>\$492,093</u>

The bank balances at December 31, were \$468,432, in 2003, and \$516,869, in 2002. Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized up to \$434,571,836, by the financial institution's public entity deposit collateral pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2003 and 2002, were as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$242,435	\$165,835	\$(76,600)
Special Revenue	503,111	535,384	32,273
Capital Projects	0	71,759	71,759
Fiduciary	<u>0</u>	<u>29</u>	<u>29</u>
Total	<u>\$745,546</u>	<u>\$773,007</u>	<u>\$27,461</u>

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

3. Budgetary Activity (continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$237,558	\$129,711	\$107,847
Special Revenue	656,788	552,598	104,190
Capital Projects*	0	141,851	(141,851)
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$894,346</u>	<u>\$824,160</u>	<u>\$ 70,186</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$184,289	\$199,985	\$15,696
Special Revenue	606,526	688,481	81,955
Capital Projects	8,387	143,426	135,039
Fiduciary	<u>0</u>	<u>58</u>	<u>58</u>
Total	<u>\$799,202</u>	<u>\$1,031,950</u>	<u>\$232,748</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$249,216	\$182,116	\$67,100
Special Revenue	602,444	597,691	4,753
Capital Projects*	30,620	160,755	(130,135)
Fiduciary	<u>0</u>	<u>2,500</u>	<u>(2,500)</u>
Total	<u>\$882,280</u>	<u>\$943,062</u>	<u>(\$60,782)</u>

* Capital Projects Fund budgetary expenditures (which include outstanding encumbrances) exceeded the appropriation authority by a material amount, and, thus, the Township is noncompliant with Ohio Revised Code 5705.41 (B).

**MIAMI TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement Systems

The Township's certified firefighters belong to the Ohio Police and Fire Disability and Pension Fund (OPFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OPFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code.

For 2003 and 2002, OPFDPF contributions for participating employees were 10% of their wages. The Township contributed this amount on behalf of the employees. The Township also contributed an amount equal to 24% of their wages. For 2003 and 2002, PERS members contributed an amount equal to 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all required contributions through December 31, 2003.

6. Risk Management

The Township participates in the Ohio Government Risk Management Plan for the following risks:

- Comprehensive policy – Vehicles, Building, Property
- Public Officials' liability policy

The Township also provides health insurance to full-time employees through a private carrier.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Miami Township
225 Corry St.
Yellow Springs, OH 45387

We have audited the financial statements of Miami Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 30, 2004.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26 of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than those specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 30, 2004

SCHEDULE OF FINDINGS

2003-1 NONCOMPLIANCE – EXPENDITURES ISSUED WITHOUT PURCHASE ORDER

Ohio Revised Code Section 5705.41 (D), requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The exception to this basic requirement is the completion of a Then and Now Certificate. This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district

Amounts of less than \$1,000, until April 7, 2003, and \$3,000, effective April 7, 2003, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

During our documentation of expenditure transaction processing, we noted that the Township did not always utilize purchase orders or "then and now" certificates to certify that purchase amounts had been lawfully appropriated, as required above. We recommend the Township begin certifying all purchases. As an alternative, "then and now" certificates may be used for purchases below the \$3,000 threshold.

2003-2 NONCOMPLIANCE – EXPENDITURES AMOUNTS EXCEEDING APPROPRIATIONS

Ohio Rev. Code Section 5705.41(B) states, in part, "no subdivision or taxing unit is to expend money unless it has been appropriated". The Township's expenditures exceeded amounts appropriated in the Capital Projects funds during 2003 and in the Capital Projects and Trust Funds during 2002. The Township appropriated funds for the Capital Projects funds as part of its Temporary Appropriation measure, but did not include them in their Permanent Appropriations.

We recommend the Township devise and implement monitoring procedures capable of ensuring that budgetary expenditures do not exceed appropriations, as certified by the County Auditor, throughout the year. Appropriation changes and expenditure transactions should not occur until after certification by the County Auditor. Furthermore, we recommend all appropriation revisions be submitted and certified by the County Auditor prior to fiscal year end to avoid further noncompliance issues.



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MIAMI TOWNSHIP

GREENE 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
OCTOBER 14, 2004**