



Mary Taylor, CPA
Auditor of State

**MIAMI TOWNSHIP
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

Miami Township
Hamilton County
112 South Miami Avenue
Clevs, Ohio 45002

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 9, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Miami Township
Hamilton County
112 South Miami Avenue
Cleves, Ohio 45002

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because the Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, 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, Hamilton County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis that Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 9, 2008

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property & Other Local Taxes	\$1,096,186	\$1,738,844	\$2,835,030
Payments in Lieu of Taxes	0	2,086,573	2,086,573
Intergovernmental	359,646	490,072	849,718
Special Assessments	0	30,369	30,369
Charges for Services	0	326,178	326,178
Licenses, Permits & Fees	77,113	77,322	154,435
Fines & Forfeitures	3,607	0	3,607
Earnings on Investments	185,038	44,722	229,760
Other Miscellaneous Revenues	94,540	82,089	176,629
Total Cash Receipts	1,816,130	4,876,169	6,692,299
Cash Disbursements:			
Current:			
General Government	678,210	42,342	720,552
Public Safety	226,347	1,720,691	1,947,038
Public Works	466,732	743,345	1,210,077
Health & Human Services	32,772	131,507	164,279
Conservation & Recreation	113,268	0	113,268
Payments to Schools	0	1,123,947	1,123,947
Capital Outlay	0	837,229	837,229
Total Cash Disbursements	1,517,329	4,599,061	6,116,390
Total Receipts Over Disbursements	298,801	277,108	575,909
Other Financing Receipts & (Disbursements):			
Transfers In	0	50,000	50,000
Transfers Out	(50,000)	0	(50,000)
Total Other Financing Receipts/(Disbursements)	(50,000)	50,000	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements & Other Financing Disbursements	248,801	327,108	575,909
Fund Cash Balances, January 1	543,561	3,488,700	4,032,261
Fund Cash Balances, December 31	\$792,362	\$3,815,808	\$4,608,170
Reserves for Encumbrances, December 31	\$35,123	\$306,187	\$341,310

The notes to the financial statements are an integral part of this statement.

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property & Other Local Taxes	\$633,577	\$1,430,366	\$2,063,943
Payments in Lieu of Taxes	0	4,804,895	4,804,895
Intergovernmental	309,796	384,222	694,018
Special Assessments	0	27,096	27,096
Charges for Services	0	284,130	284,130
Licenses, Permits & Fees	71,724	56,840	128,564
Fines & Forfeitures	2,911	0	2,911
Earnings on Investments	88,195	27,271	115,466
Other Miscellaneous Revenues	37,921	76,745	114,666
Total Cash Receipts	1,144,124	7,091,565	8,235,689
Cash Disbursements:			
Current:			
General Government	657,537	188,572	846,109
Public Safety	206,810	1,666,103	1,872,913
Public Works	106,979	894,155	1,001,134
Health & Human Services	60,357	165,226	225,583
Conservation & Recreation	105,603	0	105,603
Payments to Schools	0	2,620,732	2,620,732
Capital Outlay	0	65,525	65,525
Total Cash Disbursements	1,137,286	5,600,313	6,737,599
Total Receipts Over/(Under) Disbursements	6,838	1,491,252	1,498,090
Other Financing Receipts & (Disbursements):			
Transfers In	0	95,000	95,000
Transfers Out	(95,000)	0	(95,000)
Total Other Financing Receipts/(Disbursements)	(95,000)	95,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements & Other Financing Disbursements	(88,162)	1,586,252	1,498,090
Fund Cash Balances, January 1, as restated (see note 7)	631,723	1,902,448	2,534,171
Fund Cash Balances, December 31	\$543,561	\$3,488,700	\$4,032,261
Reserves for Encumbrances, December 31	\$144	\$1,988	\$2,132

The notes to the financial statements are an integral part of this statement.

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Township

The constitution and laws of the State of Ohio establish the rights and privileges of Miami Township, Hamilton County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Hamilton County Sheriff for provision of security of persons and property.

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

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

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

The Township values certificates of deposit and money market savings funds at cost.

D. 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Increment Financing Fund – This fund receives payments in lieu of taxes which are used for public improvements or are remitted to the local school district.

Fire District Fund – This fund receives property taxes monies which are used for the provision of fire protection services within the Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. 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

2. 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.

3. Encumbrances

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

	2006	2005
Demand Deposits	\$2,667,895	\$3,305,705
Money Market Savings	440,275	426,556
Certificates of Deposit	1,500,000	300,000
Total deposits	<u>\$4,608,170</u>	<u>\$4,032,261</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,563,822	\$1,816,130	\$252,308
Special Revenue	4,494,980	4,926,169	431,189
Total	<u>\$6,058,802</u>	<u>\$6,742,299</u>	<u>\$683,497</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,557,105	\$1,602,452	(\$45,347)
Special Revenue	7,330,988	4,905,249	2,425,739
Total	<u>\$8,888,093</u>	<u>\$6,507,701</u>	<u>\$2,380,392</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,226,053	\$1,144,124	(\$81,929)
Special Revenue	6,895,318	7,186,565	291,247
Total	<u>\$8,121,371</u>	<u>\$8,330,689</u>	<u>\$209,318</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,177,429	\$1,232,430	(\$55,001)
Special Revenue	4,847,988	5,602,301	(754,313)
Total	<u>\$6,025,417</u>	<u>\$6,834,731</u>	<u>(\$809,314)</u>

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio budgetary law, for the year ended December 31, 2006, budgetary expenditures exceeded the appropriation authority in the following funds by the following amounts: General Fund, (\$45,348); and Police District Fund (\$43,000); for the year ended December 31, 2005, budgetary expenditures exceeded the appropriation authority in the following funds by the following amounts: General Fund, (\$55,001); Tax Increment Financing Fund, (\$1,504,043); Gasoline Tax Fund, (\$3,324); and Fire and Emergency Medical Services Fund, (\$61,493).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due by December 31. 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 Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$68,700. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

<u>Contributions to OTARMA</u>	
2004	\$29,013
2005	\$32,550
2006	\$34,364

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RESTATEMENT OF BEGINNING FUND BALANCES FOR CORRECTION OF AN ERROR

Due to posting errors totaling \$433,309 and due to the cancellation of vouchers in the amount of \$567, fund balances as previously reported in the following funds have been restated as follows:

	General Fund	Special Revenue	Fire & Emergency Medical Services (EMS) Fund	Tax Increment Financing (TIF) Fund
Balance Previously Reported	\$197,847	\$2,335,757	\$47,440	\$991,585
Correction of Error	433,876	(433,309)	152,950	(586,259)
Restated Fund Balance	\$631,723	\$1,902,448	\$200,390	\$405,326

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Mary Taylor, CPA

Auditor of State

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

Miami Township
Hamilton County
112 South Miami Avenue
Cleveland, Ohio 45002

To the Board of Trustees:

We have audited the financial statements of Miami Township, Hamilton County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 9, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies describe above, we believe findings 2006-001 and 2006-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated April 9, 2008.

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, providing an opinion 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated April 9, 2008.

We intend this report solely for the information and use of management and the Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 9, 2008

**MIAMI TOWNSHIP
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 & 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Material Weakness

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objectives of properly accounting for public monies and preparing accurate and reliable external financial reports. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial records and reports.

The following misclassifications and errors were noted:

1. In the year 2005, two property tax receipts totaling \$200,000 belonging to the Tax Increment Financing (TIF) Fund were improperly posted to the General Fund.
2. In the year 2005, one property tax receipt for \$34,345 belonging to the Fire and Emergency Medical Services (EMS) Fund was improperly posted to the General Fund. In the year 2006, one property tax receipt also for \$34,345 belonging to the Fire and EMS Fund was improperly posted to the General Fund.
3. In the year 2005, two intergovernmental receipts totaling \$14,398 belonging to the Permissive Motor Vehicle License Tax Fund were improperly posted to the Gasoline Tax Fund.
4. In the year 2005, two receipts totaling \$71,724 of General Fund cable franchise fees were improperly classified as other miscellaneous revenues. In the year 2006, two receipts totaling \$77,113 of General Fund cable franchise fees were improperly classified as other miscellaneous revenues. These receipts should have been classified as revenue from licenses, permits and fees.
5. In the year 2005, five receipts totaling \$19,806 of General Fund grant monies were improperly classified as other miscellaneous revenues. In the year 2006, three receipts totaling \$15,682 of General Fund grant monies were improperly classified as other miscellaneous revenues. These receipts should have been classified as intergovernmental revenues.
6. In the year 2005, twelve receipts totaling \$22,456 of Police District Fund monies from police service contracts were improperly classified as other miscellaneous revenues. In the year 2006, thirteen receipts totaling \$53,148 of Police District Fund monies from police service contracts were improperly classified as other miscellaneous revenues. These receipts should have been classified as charges for services.
7. In the year 2006, three receipts totaling \$47,921 of Fire and Emergency Medical Services (EMS) Fund monies from fire service contracts were improperly classified as other miscellaneous revenues. These receipts should have been classified as charges for services.
8. In the year 2006, four receipts totaling \$19,810 of Fire and Emergency Medical Services (EMS) Fund grant monies were improperly classified as other miscellaneous revenues. These receipts should have been classified as intergovernmental revenues.
9. In the year 2005, \$2,349,919 of Tax Increment Financing (TIF) Fund payments to schools were improperly classified as general government expenditures. In the year 2006, \$1,123,947 of TIF Fund payments to schools were improperly classified as general government expenditures. These payments should have been classified as payments to schools.

**FINDING NUMBER 2006-001
(Continued)**

10. In the year 2005, two receipts totaling \$174,413 of Tax Increment Financing Fund (TIF) homestead and rollback monies were improperly classified as property tax revenues. In the year 2006, two TIF Fund receipts totaling \$254,087 and one General Fund receipt of \$37,323 of homestead and rollback monies were improperly classified as property and other local tax revenues. These receipts should have been classified as intergovernmental revenues.
11. In the year 2005, thirteen receipts totaling \$2,720 of Fire & Emergency Medical Services (EMS) Fund fire permit monies were improperly classified as other miscellaneous revenues. In the year 2006, nine receipts totaling \$1,977 of Fire & EMS Fund fire permit monies were improperly classified as other miscellaneous revenues. These receipts should have been classified as licenses, permits and fees.
12. In the year 2006, personal property tax receipts were improperly classified as intergovernmental revenue in the following funds for the following amounts: Garbage and Waste Fund, \$13,461 (one receipt); Police District Fund, \$16,691 (one receipt); and Fire & Emergency Medical Services (EMS) Fund, \$34,320 (one receipt). These receipts should have been classified as property and other local tax revenues.
13. In the year 2006, twelve receipts totaling \$85,764 of Permissive Motor Vehicle License Tax Fund monies were improperly classified as intergovernmental revenues. These receipts should have been classified as property and other local tax revenues.

To help ensure that all monies are properly accounted for and properly reported for external financial reporting purposes, we recommend that the Township periodically review its postings of revenues and expenditures to ensure that all transactions have been properly posted.

Officials' Response:

We received no response from officials regarding the above finding.

FINDING NUMBER 2006-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision is to expend money unless it has been appropriated. The following funds had expenditures which exceeded total appropriations:

Date & Fund Name	Total Appropriations (including carryover encumbrances)	Total Expenditures & Outstanding Encumbrances	Variance
December 31, 2006:			
General Fund	\$1,557,105	\$1,602,453	(\$45,348)
Police District Fund	400,000	443,000	(43,000)
December 31, 2005:			
General Fund	1,177,429	1,232,430	(55,001)
Tax Increment Financing Fund	1,670,000	3,174,043	(1,504,043)
Gasoline Tax Fund	73,324	70,000	(3,324)
Fire & Emergency Medical Services (EMS) Fund	1,171,988	1,233,481	(61,493)

**FINDING NUMBER 2006-002
(Continued)**

We recommend that the Township consistently deny any payment request which would result in a fund's expenditures exceeding appropriations. Where necessary, the Township may request the Board of Trustees to approve increased expenditure levels by amending appropriations. We also recommend that the Board of Trustees periodically review appropriations posted to the accounting system, to ensure that the amounts are accurate and match the amounts actually approved by the Board of Trustees in the minutes, and also to determine whether modifications to appropriations are necessary.

Officials' Response:

We received no response from officials regarding the above finding.



Mary Taylor, CPA
Auditor of State

MIAMI TOWNSHIP

HAMILTON 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
APRIL 24, 2008**