



Dave Yost • Auditor of State



MIAMI TOWNSHIP  
GREENE COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Miami Township  
Greene County  
225 Corry Street  
Yellow Springs, Ohio 45387

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Miami Township, Greene County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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

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

### ***Auditor's Responsibility***

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Miami Township, Greene County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 21, 2014

**MIAMI TOWNSHIP  
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

|  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|------------------|----------------------------|---|
| <b>Cash Receipts:</b>                            |                  |                            |   |
| Property and Other Local Taxes                   | \$73,925         | \$518,346                  | \$592,271                               |
| Charges for Services                             |                  | 133,081                    | 133,081                                 |
| Licenses, Permits and Fees                       | 1,248            |                            | 1,248                                   |
| Intergovernmental                                | 70,293           | 181,621                    | 251,914                                 |
| Earnings on Investments                          | 339              | 28                         | 367                                     |
| Miscellaneous                                    | 42               | 143,028                    | 143,070                                 |
| Total Cash Receipts                              | <u>145,847</u>   | <u>976,104</u>             | <u>1,121,951</u>                        |
| <b>Cash Disbursements:</b>                       |                  |                            |   |
| <b>Current:</b>                                  |                  |                            |   |
| General Government                               | 139,466          | 193                        | 139,659                                 |
| Public Safety                                    |                  | 585,813                    | 585,813                                 |
| Public Works                                     | 76,249           | 103,128                    | 179,377                                 |
| Health   | 10,642           | 122,375                    | 133,017                                 |
| Human Services                                   |                  | 16,992                     | 16,992                                  |
| Capital Outlay                                   | 606              | 36,723                     | 37,329                                  |
| Total Cash Disbursements                         | <u>226,963</u>   | <u>865,224</u>             | <u>1,092,187</u>                        |
| Excess of Receipts Over (Under) Disbursements    | <u>(81,116)</u>  | <u>110,880</u>             | <u>29,764</u>                           |
| <b>Other Financing Receipts (Disbursements):</b> |                  |                            |   |
| Other Financing Sources                          | 6,427            | 4,577                      | 11,004                                  |
| Other Financing Uses                             | (594)            |                            | (594)                                   |
| Total Other Financing Receipts (Disbursements)   | <u>5,833</u>     | <u>4,577</u>               | <u>10,410</u>                           |
| Net Change in Fund Cash Balances                 | (75,283)         | 115,457                    | 40,174                                  |
| Fund Cash Balances, January 1                    | <u>451,470</u>   | <u>508,152</u>             | <u>959,622</u>                          |
| <b>Fund Cash Balances, December 31:</b>          |                  |                            |   |
| Restricted                                       |                  | 412,508                    | 412,508                                 |
| Committed  |                  | 211,101                    | 211,101                                 |
| Unassigned (Deficit)                             | 376,187          |                            | 376,187                                 |
| Fund Cash Balances, December 31                  | <u>\$376,187</u> | <u>\$623,609</u>           | <u>\$999,796</u>                        |

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

**MIAMI TOWNSHIP  
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|------------------|----------------------------|---|
| <b>Cash Receipts:</b>                            |                  |                            |   |
| Property and Other Local Taxes                   | \$74,754         | \$524,151                  | \$598,905                               |
| Charges for Services                             |                  | 128,068                    | 128,068                                 |
| Licenses, Permits and Fees                       | 723              |                            | 723                                     |
| Intergovernmental                                | 210,484          | 183,523                    | 394,007                                 |
| Earnings on Investments                          | 722              | 40                         | 762                                     |
| Miscellaneous                                    | 15,823           | 21,571                     | 37,394                                  |
| Total Cash Receipts                              | <u>302,506</u>   | <u>857,353</u>             | <u>1,159,859</u>                        |
| <b>Cash Disbursements:</b>                       |                  |                            |   |
| <b>Current:</b>                                  |                  |                            |   |
| General Government                               | 141,671          | 3,846                      | 145,517                                 |
| Public Safety                                    |                  | 643,770                    | 643,770                                 |
| Public Works                                     | 901              | 136,904                    | 137,805                                 |
| Health   | 8,558            | 51                         | 8,609                                   |
| Capital Outlay                                   | 4,603            | 153,846                    | 158,449                                 |
| Total Cash Disbursements                         | <u>155,733</u>   | <u>938,417</u>             | <u>1,094,150</u>                        |
| Excess of Receipts Over (Under) Disbursements    | <u>146,773</u>   | <u>(81,064)</u>            | <u>65,709</u>                           |
| <b>Other Financing Receipts (Disbursements):</b> |                  |                            |   |
| Transfers In                                     |                  | 16,870                     | 16,870                                  |
| Transfers Out                                    | (16,870)         |                            | (16,870)                                |
| Other Financing Sources                          | 2,370            | 7,235                      | 9,605                                   |
| Other Financing Uses                             | (1,435)          |                            | (1,435)                                 |
| Total Other Financing Receipts (Disbursements)   | <u>(15,935)</u>  | <u>24,105</u>              | <u>8,170</u>                            |
| Net Change in Fund Cash Balances                 | 130,838          | (56,959)                   | 73,879                                  |
| Fund Cash Balances, January 1                    | <u>320,632</u>   | <u>565,111</u>             | <u>885,743</u>                          |
| <b>Fund Cash Balances, December 31:</b>          |                  |                            |   |
| Non-spendable                                    |                  | 2,746                      | 2,746                                   |
| Restricted                                       |                  | 354,917                    | 354,917                                 |
| Committed  |                  | 150,489                    | 150,489                                 |
| Assigned   | 343,092          |                            | 343,092                                 |
| Unassigned (Deficit)                             | 108,378          |                            | 108,378                                 |
| Fund Cash Balances, December 31                  | <u>\$451,470</u> | <u>\$508,152</u>           | <u>\$959,622</u>                        |

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



**MIAMI TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Miami Township, Greene County, 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. Police protection is provided by the Greene County Sheriff's office.

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. Deposits and Investments**

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

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

**MIAMI TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fire Fund** – This fund receives property tax money for providing fire protection and charges for services for emergency medical services to all Township residents.

**Cemetery Fund** – This fund receives money from the sale of gravesites and the charges for burials used to pay for maintenance of the grounds.

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**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 approve estimated resources.

**3. 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 re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Non-spendable**

The Township classifies assets as ***non-spendable*** when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**MIAMI TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

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

**G. 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.

**H. 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 DEPOSITS AND INVESTMENTS**

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

|                                | <b>2013</b> | <b>2012</b> |
|--------------------------------|-------------|-------------|
| Demand deposits                | 19,070      | 10,706      |
| Total deposits                 | 19,070      | 10,706      |
| Investments                    |             |             |
| STAR Ohio                      | 980,726     | 948,916     |
| Total investments              | 980,726     | 948,916     |
| Total deposits and investments | \$999,796   | \$959,622   |

**MIAMI TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and December 31, 2012 follows:

**2013 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-----------------|
| General          | \$161,457                | \$152,274              | (\$9,183)       |
| Special Revenue  | 958,804                  | 980,681                | 21,877          |
| Total            | <u>\$1,120,261</u>       | <u>\$1,132,955</u>     | <u>\$12,694</u> |

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u>  |
|------------------|--------------------------------|-------------------------------|------------------|
| General          | \$504,549                      | \$227,557                     | \$276,992        |
| Special Revenue  | 997,142                        | 872,645                       | 124,497          |
| Total            | <u>\$1,501,691</u>             | <u>\$1,100,202</u>            | <u>\$401,489</u> |

**2012 Budgeted vs. Actual Receipts**

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-----------------|
| General          | \$304,806                | \$304,876              | \$70            |
| Special Revenue  | 860,184                  | 881,458                | 21,274          |
| Total            | <u>\$1,164,990</u>       | <u>\$1,186,334</u>     | <u>\$21,344</u> |

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u>  |
|------------------|--------------------------------|-------------------------------|------------------|
| General          | \$188,381                      | \$174,248                     | \$14,133         |
| Special Revenue  | 1,197,287                      | 1,057,959                     | 139,328          |
| Total            | <u>\$1,385,668</u>             | <u>\$1,232,207</u>            | <u>\$153,461</u> |

**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 December 31. The second half payment is due the following June 20.

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

**MIAMI TOWNSHIP  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**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 2013 (through June) and all of 2012, OP&F participants contributed 10% of their wages. For July 2013 through present, OP&F participants contributed and are contributing 10.75%. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**6. RISK Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**7. SELF-INSURANCE**

The Township is also self-insured for dental insurance. There are no liabilities related to self-insurance as of December 31, 2013.

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# Dave Yost • Auditor of State

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

Miami Township  
Greene County  
225 Corry Street  
Yellow Springs, Ohio 45387

To the Board of Trustees

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Miami Township, Greene County, (the Township) as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements and have issued our report thereon dated November 21, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

### ***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 2013-001 and 2013-002.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 21, 2014



MIAMI TOWNSHIP  
GREENE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code §507.09 (C) states that the compensation of the township fiscal officer shall be paid in equal monthly payments. If the office of township fiscal officer is held by more than one person during any calendar year, each person holding the office shall receive payments for only those months, and any fractions of those months, during which the person holds the office. A township fiscal officer may be compensated from the township general fund or from other township funds based on the proportion of time the township fiscal officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed.

Additionally, Ohio Rev. Code §505.24(C) provides that by unanimous vote, a board of township trustees may adopt a method of compensation consisting of annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Trustees and fiscal officer who use the salary method and are compensated from funds other than the general fund, must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Certification must be completed prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged.

On May 21, 2012, by resolution the Township Trustees approved that fiscal officer salary to be allocated 35% to the Fire Fund and 15% to the Road Fund. In addition, the Trustee salaries were to be allocated 25% to the Fire Fund and 20% to the Road Fund.

However, the Fiscal Officer and Trustees failed to properly certify their salary allocations between various township funds in accordance with the requirements of Ohio Rev. Code § 507.09(C) and 505.24(C). As a result the salary expenditures allocated to the special revenue funds were not allowable. The following table summarizes amounts charged to the Road and Fire funds which should be reimbursed by the General Fund.

|                             | Salaries Charged |          |          |
|-----------------------------|------------------|----------|----------|
|                             | 2012             | 2013     | Total    |
| Road Fund                   | \$6,319          | \$9,384  | \$15,703 |
| Fire Fund                   | 8,300            | 12,355   | 20,655   |
| Total due from General Fund | \$14,619         | \$21,739 | \$36,358 |

**FINDING NUMBER 2013-001  
(Continued)**

The amounts were material to each fund, and therefore require adjustment. The Township posted correcting entries to the accounting system and the adjusted expenditures are properly reported on the accompanying financial statements.

The Township Trustees and Fiscal Officer should implement policies and procedures to verify that salaries are certified prior to receiving their monthly salary allocation. Failure to do so could result in future findings for adjustments and increase the chance of the Township's general fund becoming negative.

**Official's Response:** The Trustees and Fiscal Officer have implemented the procedure of signing documentation every month certifying their salary allocations between various township funds re: ORC 507.09(c) and 505.24(c) beginning January 1, 2014.

**FINDING NUMBER 2013-002**

**NONCOMPLIANCE**

**Ohio Revised Code 5705.41(D)** 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.

- A. "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.
- B. Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not to exceed of 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.
- C. Super Blanket Certificate** - The Township may also make expenditures and contract 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.

**FINDING NUMBER 2013-002**  
**(Continued)**

During the audit period, the Township failed to properly encumber 24 of 59 (40.7%) expenditures including all three individually important items that were tested. Additionally, the Township utilized Super Blanket Purchase Orders for the majority of expenditures made during the audit period. As noted in C above, Super Blanket Certificates should be utilized for reoccurring and reasonably predictable operating expenses. The Township used Super Blanket Purchase Orders to pay for expenditures that would not be considered reoccurring and reasonably predicable, such as a truck and new radio equipment for the fire department.

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 that Township's funds will exceed budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used. The Township should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The approved purchase commitments should be posted to the proper appropriation code, to reduce the available appropriation.

**Official's Response:** The Fiscal Officer has reviewed, understands, and accepts the proper usage of Blanket Certificates and Purchase Orders.

**MIAMI TOWNSHIP  
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>  |
|----------------|--|------------------|---|
| 2011-001       | Ohio Rev. Code Section 117.28 - Finding for Recovery for unknown reconciling items on the bank reconciliation.   | Yes              | Source of variance noted in the finding for recover was determined and corrected  |
| 2011-002       | <p>Ohio Rev. Code Section 117.28 - Finding for Recovery for salary overpayments made to Trustees and the Fiscal Officer</p> <p>Trustees Lamar Spracklan, Chris Mucher and Mark Crockett had a finding for recovery in amount of \$1,001 each against them.</p> <p>Fiscal Officer Margaret Silliman had a finding for recovery in amount of \$2,772 against her</p> | No               | <p>Finding for recovery was fully paid by Trustee Lamar Spracklan</p> <p>Trustee Chris Mucher re-paid \$978 of the Finding for Recovery</p> <p>Trustee Mark Crockett and Fiscal Officer Margaret Silliman have not re-paid the finding for recovery</p> |
| 2011-003       | Material Weakness - Financial statement reclassifications  | No               | Partially corrected. Repeated as a management letter comment.   |



# Dave Yost • Auditor of State

**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  
DECEMBER 18, 2014**