



**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Miami Township
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Montgomery County (the Township), as of and for the years ended December 31, 2000 and 1999. 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 Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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, Montgomery County, as of December 31, 2000 and 1999, 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 October 24, 2001 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. That 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 management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 24, 2001

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$ 520,038	\$ 8,339,206			\$ 8,859,244
Intergovernmental	966,764	1,052,553			2,019,317
Special Assessments	46,747		81,145		127,892
Charges for Services		48,387			48,387
Licenses, Permits, and Fees	21,055				21,055
Fines, Forfeitures, and Penalties	17,433	2,099			19,532
Earnings on Investments	437,166	16,161		1,821	455,148
Other Revenue	101,573	28,038		22,636	152,247
	<u>2,110,776</u>	<u>9,486,444</u>	<u>81,145</u>	<u>24,457</u>	<u>11,702,822</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	1,076,178				1,076,178
Public Safety		5,400,867			5,400,867
Public Works		881,418	77,249		958,667
Health		1,189,438			1,189,438
Conservation - Recreation	146,863			1,514	148,377
Debt Service:					
Redemption of Principal		95,843			95,843
Interest and Fiscal Charges		2,635			2,635
Capital Outlay	132,879	499,876			632,755
	<u>1,355,920</u>	<u>8,070,077</u>	<u>77,249</u>	<u>1,514</u>	<u>9,504,760</u>
Total Cash Disbursements					
Total Receipts Over Disbursements	754,856	1,416,367	3,896	22,943	2,198,062
Fund Cash Balances, January 1	1,780,713	3,954,387	9,651	35,253	5,780,004
Fund Cash Balances, December 31	<u>\$ 2,535,569</u>	<u>\$ 5,370,754</u>	<u>\$ 13,547</u>	<u>\$ 58,196</u>	<u>\$ 7,978,066</u>
Reserve for Encumbrances, December 31	<u>\$ 170,696</u>	<u>\$ 621,062</u>			<u>\$ 791,758</u>

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

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$ 462,669	\$ 8,547,666			\$ 9,010,335
Intergovernmental	1,066,222	977,998			2,044,220
Special Assessments			76,059		76,059
Charges for Services		40,577			40,577
Licenses, Permits, and Fees	30,538				30,538
Fines, Forfeitures, and Penalties	16,944	1,306			18,250
Earnings on Investments	282,545	8,287		1,177	292,009
Other Revenue	153,586	26,178		20,806	200,570
	<u>2,012,504</u>	<u>9,602,012</u>	<u>76,059</u>	<u>21,983</u>	<u>11,712,558</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	1,098,908				1,098,908
Public Safety		5,303,201			5,303,201
Public Works		1,050,707	83,608		1,134,315
Health		1,070,556			1,070,556
Conservation - Recreation	146,315			15,789	162,104
Debt Service:					
Redemption of Principal		135,000			135,000
Interest and Fiscal Charges		8,644			8,644
Capital Outlay	63,431	382,265			445,696
	<u>1,308,654</u>	<u>7,950,373</u>	<u>83,608</u>	<u>15,789</u>	<u>9,358,424</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	703,850	1,651,639	(7,549)	6,194	2,354,134
Fund Cash Balances, January 1	1,076,863	2,302,748	17,200	29,059	3,425,870
Fund Cash Balances, December 31	<u>\$ 1,780,713</u>	<u>\$ 3,954,387</u>	<u>\$ 9,651</u>	<u>\$ 35,253</u>	<u>\$ 5,780,004</u>
Reserve for Encumbrances, December 31	<u>\$ 15,820</u>	<u>\$ 162,058</u>			<u>\$ 177,878</u>

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

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miami Township, Montgomery County, (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 and bridge maintenance, police protection, 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 follow the basis of accounting prescribed or permitted by the 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 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit, Money Market funds and U.S. government backed securities are valued at cost.

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

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

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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:

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

Police and Fire District Levy Funds - These funds receive property tax money for operating and maintaining the police and fire departments and the purchase of equipment.

Garbage and Waste Disposal Fund - This fund receives property tax money for the management, maintenance, and operation for the collection and disposal of garbage and refuse.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Lighting Assessment Fund - This fund receives funds from benefitting property owners for the cost of improvements.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Waldruhe Park Trust - This fund receives donations and gifts for the operation and maintenance of Waldruhe Park.

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 budgeted at the fund, function, and object level of control for the year ended December 31, 1999 and at the fund level for the year ended December 31, 2000. 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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 2000 and 1999 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick 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 basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$1,110,043	\$2,556,023
Money Market	174,633	9,085
Certificates of deposit	<u>15,000</u>	<u>15,000</u>
Total deposits	<u>1,299,676</u>	<u>2,580,108</u>
Federal Home Loan Mortgage Corporation Debentures	460,552	315,757
Federal Home Loan Bank Bonds	1,064,137	1,058,719
Federal National Mortgage Association Notes	3,111,114	1,722,776
Government National Mortgage Association Note	1,941,587	0
Tennessee Valley Authority Bond	<u>101,000</u>	<u>102,644</u>
Total investments	<u>6,678,390</u>	<u>3,199,896</u>
Total deposits and investments	<u><u>\$7,978,066</u></u>	<u><u>\$5,780,004</u></u>

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Government Securities are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 is as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,940,303	\$2,110,776	\$170,473
Special Revenue	8,924,006	9,486,444	562,438
Capital Projects	73,000	81,145	8,145
Fiduciary	22,500	24,457	1,957
Total	\$10,959,809	\$11,702,822	\$743,013

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,776,759	\$1,526,616	\$250,143
Special Revenue	9,563,629	8,691,139	872,490
Capital Projects	97,000	77,249	19,751
Fiduciary	25,000	1,514	23,486
Total	\$11,462,388	\$10,296,518	\$1,165,870

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,139,743	\$2,012,504	(\$127,239)
Special Revenue	9,809,262	9,602,012	(207,250)
Capital Projects	76,059	76,059	0
Fiduciary	24,087	21,983	(2,104)
Total	\$12,049,151	\$11,712,558	(\$336,593)

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,782,849	\$1,324,474	\$458,375
Special Revenue	9,415,354	8,112,431	1,302,923
Capital Projects	97,000	83,608	13,392
Fiduciary	25,000	15,789	9,211
Total	\$11,320,203	\$9,536,302	\$1,783,901

Contrary to Ohio Rev. Code Section 5705.41(B), disbursements plus encumbrances exceeded appropriations in the Garbage and the Road and Bridge funds.

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated revenue in the Motor Vehicle License Tax and Lighting Assessment funds.

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 December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

The Township was provided and interest free loan from Montgomery County for 800 megahertz radio equipment. The note is collateralized solely by the Township's taxing authority.

Amortization of the above debt is scheduled as follows:

<u>Year ending December 31:</u>	<u>Police Radio Equipment Loan</u>
2001	30,843
2002	<u>30,843</u>
Total	<u><u>\$61,686</u></u>

6. RETIREMENT SYSTEMS

The Township's Law Enforcement Officers and Fire Fighters belong to the Police and Firemen's Disability and Pension Fund (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

A. Risk Pool Membership

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 insurance 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.

B. Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

C. Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

D. 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:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT (Continued)

The Township also obtained commercial insurance for the following risks:

- Vehicles
- Errors and omissions

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

8. CONTINGENT LIABILITIES

The Township is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not have a material adverse affect the Township's financial condition.

9. RELATED ORGANIZATIONS

Crains Run Water and Sewer District - The Crains Run Water and Sewer District is a distinct political subdivision of the State of Ohio created under Chapter 6119 of the Ohio Revised Code. The District is governed by a Board of Trustees appointed by the Miami Township Board of Trustees. The District possesses its own contracting and budgeting authority, hires and fires personnel, accounting function and does not depend on the Township for operational subsidies.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Miami Township
Montgomery County
2700 Lyons Road
Miamisburg, Ohio 45342

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Montgomery County, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 24, 2001. 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, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40357-001 through 2000-40357-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 24, 2001.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-440357-003 through 2000-40357-004.

**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-440357-003 to be a material weakness. We also noted other matters involving internal control over financial reporting that do not include inclusion in this report, that we have reported to management of the Township in a separate letter dated October 24, 2001.

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 24, 2001

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

FINDING NUMBER 2000-40357-001

Ohio Rev. Code Section 5705.41 (B) outlines the restrictions on the appropriation and expenditure of money by the Township. The requirement establishes that no subdivision or taxing unit is to expend money unless it has been appropriated.

Actual expenditures plus outstanding encumbrances exceeded appropriations for the following line items or funds:

Fund/ Line Item	Appropriations	Disbursements + Encumbrances	Variance
As of December 31, 1999 the Township had the following variances:			
Garbage / Town Hall	\$12,000	\$73,949	(\$61,949)
As of December 31, 2000 the Township had the following variances:			
Road & Bridge	\$1,413,255	\$1,479,831	(\$66,576)
Garbage	\$1,319,595	\$1,332,980	(\$13,385)

The Township should monitor appropriations and expenditures throughout the fiscal year, making amendments to its appropriations as needed to be in compliance with this section of Ohio Revised Code. Implementing these procedures will also reduce the risk that the District expends and encumbers more than what was legally appropriated by the Board.

FINDING NUMBER 2000-40357-002

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

As of December 31, 2000, the township had appropriations in excess of estimated resources for the following funds:

Fund	Estimated Resources	Appropriations	Variance
Motor Vehicle License Tax	\$ 26,000	\$ 138,000	\$ (112,000)
Lighting Assessment	\$ 75,000	\$ 97,000	\$ (22,000)

The Township should develop and implement policies and procedures to monitor that appropriations do not exceed estimated resources.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-40357-003

Computer Control Environment

During the period tested, several problems were identified with the computerized accounting system that was implemented January 1, 1999, resulting in the following conditions:

- The December 31, 1999 systems generated Statement of Cash Position, which was used to reconcile with the bank and investment statements, did not foot or crossfoot. The total variance was \$318,811;
- The detailed expenditure and revenue reports did not agree to the December 31, 1999 Statement of Cash Position, the total variance was \$318,811;
- One sided transactions can be processed;
- The Statement of Cash Position can be altered by the user with the assistance of the vendor;
- The revenue and expenditure applications were designed to record cash separately, which resulted in transactions posted to a fund and the corresponding cash posted to another fund;
- Vendor recommended month and year-end closing procedures were not followed.

Following vendor recommended month and year-end closing procedures could have detected these errors and discrepancies. To correct the deficiencies the Township should:

- Contact the vendor to correct the ability of the user to alter the Statement of Cash Position; the ability of transactions to be recorded to different funds; and the ability of the user to post one sided entries;
- Contact the vendor to correct system designs that would cause the accounting system to generate inaccurate reports;
- Follow all vendor recommended month and year-end closing procedures.

Implementation of these recommendations will provide the Township with accurate financial information needed for decision making purposes.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-440357-004

Cash Reconciliation

During the period tested, the Township did not accurately reconcile the general depository and investment accounts for both fiscal years ended resulting in the following errors and discrepancies:

- The adjusted bank balance was \$2,155 greater than the book balance at fiscal year ended 2000;
- A \$24,709 transfer out of the general depository account was not investigated to determine the nature of the transaction. It was later determined to be monies incorrectly posted to the Township's account by Montgomery County;
- Several checks were listed outstanding for over 24 months;
- \$77,938 in deposits were not recorded for fiscal year ended 2000;
- Bank reconciliations were not performed for up to 4 months after the bank statements was obtained;

Failure to reconcile depository and investment accounts at year end resulted in errors and discrepancies being undetected. The Township should develop and implement procedures including but not limited to the following:

- Ensure monthly reconciliation of all depository and investment accounts and ensure proper reviews are performed and documented;
- Develop a policy which includes the length of time a check will remain outstanding before it is canceled and reissued, or the amount is moved to unclaimed funds;

Implementation of these procedures will provide the Township with accurate and timely financial information needed for decision making purposes. This matter was included in the prior audit in the Management Letter.

**MIAMI TOWNSHIP
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JANUARY 1, 1999 - DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-40357-001	Revised Code 5705.41(D), Failure to properly certify funds	No	Not Corrected, Citation repeated in Management Letter.
1998-40357-002	Revised Code 5705.41(B), Expenditures exceed appropriations	No	Not Corrected, Reissued in current audit as Finding Number 2000-30281-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MIAMI TOWNSHIP

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 15, 2001**