



Mary Taylor, CPA  
Auditor of State



ELIZABETH TOWNSHIP  
MIAMI COUNTY

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**Mary Taylor, CPA**  
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**ACCOUNTANTS' REPORT**

Elizabeth Township  
Miami County  
5710 E. Walnut Grove Road  
Troy, Ohio 45373

To the Township Trustees:

We have selectively tested certain accounts, financial records, files and reports of the Elizabeth Township, Miami County, (the Township) as of and for the years ended December 31, 2008 and 2007 following Ohio Admin. Code §117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

We intend this report solely for the information and use of the management, Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and it is not intended to be and should not be used by anyone other than these specified parties.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

August 6, 2009

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**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$22,714	\$17,861		\$40,575
Licenses, Permits, and Fees	64,337			64,337
Intergovernmental	82,883	90,320		173,203
Special Assessments		1,489		1,489
Earnings on Investments	1,625,459	30	\$40	1,625,529
Miscellaneous	26,853			26,853
Total Cash Receipts	<u>1,822,246</u>	<u>109,700</u>	<u>40</u>	<u>1,931,986</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	662,611			662,611
Public Safety	484,419			484,419
Public Works		82,640		82,640
Health	1,491			1,491
Capital Outlay	57,524			57,524
Total Cash Disbursements	<u>1,206,045</u>	<u>82,640</u>		<u>1,288,685</u>
Total Receipts Over Disbursements	<u>616,201</u>	<u>27,060</u>	<u>40</u>	<u>643,301</u>
Fund Cash Balances, January 1	<u>36,338,868</u>	<u>61,435</u>	<u>1,678</u>	<u>36,401,981</u>
Fund Cash Balances, December 31	<u>\$36,955,069</u>	<u>\$88,495</u>	<u>\$1,718</u>	<u>\$37,045,282</u>

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

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$18,232	\$17,749		\$35,981
Licenses, Permits, and Fees	30,253			30,253
Intergovernmental	65,178	93,257		158,435
Special Assessments		1,509		1,509
Earnings on Investments	1,671,684	305	\$82	1,672,071
Miscellaneous	1,334	48		1,382
Total Cash Receipts	<u>1,786,681</u>	<u>112,868</u>	<u>82</u>	<u>1,899,631</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	1,646,763			1,646,763
Public Safety	478,963			478,963
Public Works		113,755		113,755
Health	4,660			4,660
Capital Outlay	389,820			389,820
Total Cash Disbursements	<u>2,520,206</u>	<u>113,755</u>		<u>2,633,961</u>
Total Receipts Over/(Under) Disbursements	<u>(733,525)</u>	<u>(887)</u>	<u>82</u>	<u>(734,330)</u>
Fund Cash Balances, January 1	<u>37,072,393</u>	<u>62,322</u>	<u>1,596</u>	<u>37,136,311</u>
Fund Cash Balances, December 31	<u>\$36,338,868</u>	<u>\$61,435</u>	<u>\$1,678</u>	<u>\$36,401,981</u>

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



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 Elizabeth Township, Miami County, (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 New Carlisle Fire Department to provide fire and ambulance services. The Township contracts with Village of Casstown and Village of Christiansburg to provide fire services. The Township contracts with Miami County Sheriff's Department for police protection.

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.

The Township values certificates of deposit, U.S. Treasury Notes, and Agency Securities at cost. 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 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:

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

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

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

**Motor Vehicle License Tax Fund** – This fund receives motor vehicle license tax money for constructing, maintaining, and repairing state highways throughout the Township.

**Shaggy Bark Lighting Assessment Fund** – This fund receives special assessment fees for street lighting in the Shaggy Bark area.

**3. Permanent Fund**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

**Cemetery Bequest Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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>2008</b>	<b>2007</b>
Demand deposits	\$1,228,566	\$172,008
Certificates of deposit	1,718	1,678
Total deposits	<u>1,230,284</u>	<u>173,686</u>
STAR Ohio	183,877	179,285
Money Market Mutual Funds	859,027	4,063,752
U.S. Treasury and Agency Securities	34,772,094	31,985,258
Total investments	<u>35,814,998</u>	<u>36,228,295</u>
Total deposits and investments	<u><u>\$37,045,282</u></u>	<u><u>\$36,401,981</u></u>

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

**Investments:** The Federal Reserve holds the Township's U.S. Treasury and Agency securities in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

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, 2008 and 2007 follows:

<b>2008 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,632,542	\$1,822,246	\$189,704
Special Revenue	108,211	109,700	1,489
Permanent	40	40	
Total	<u>\$1,740,793</u>	<u>\$1,931,986</u>	<u>\$191,193</u>

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$6,993,350	\$1,206,045	\$5,787,305
Special Revenue	130,624	82,640	47,984
Permanent	1,500		1,500
Total	<u>\$7,125,474</u>	<u>\$1,288,685</u>	<u>\$5,836,789</u>

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2007 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,678,636	\$1,786,681	\$108,045
Special Revenue	112,868	112,868	
Permanent	82	82	
Total	\$1,791,586	\$1,899,631	\$108,045

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$8,324,550	\$2,520,206	\$5,804,344
Special Revenue	134,279	113,755	20,524
Permanent	1,500		1,500
Total	\$8,460,329	\$2,633,961	\$5,826,368

**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.

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 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**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.

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# Mary Taylor, CPA

## Auditor of State

### ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Elizabeth Township  
Miami County  
5710 E. Walnut Grove Road  
Troy, Ohio 45373

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Elizabeth Township, Miami County, (the Township) as of and for the years ended December 31, 2008 and 2007 following the Ohio Admin. Code §117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

#### Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2008-001 through 2008-002.

We also noted certain matters that we reported to the Township's management in a separate letter dated August 6, 2009.

#### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements applicable to the Township. Noncompliance with these requirements could impact the Township's ability to determine financials statement amounts. The results of our tests disclosed an instance of noncompliance or other matters that is reported in the accompanying schedule of findings as item 2008-003.

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 6, 2009.

The Township's responses to the findings identified in our review are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Elizabeth Township  
Miami County  
Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

August 6, 2009



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED**

**FINDING NUMBER 2008-001**

**Fund Classification**

In order to present the financial activity of the Township accurately, the following fund reclassification was made to the annual financial report for 2008 and 2007:

- The Cemetery Bequest Fund, which was incorrectly reported as Private Purpose Fund was reclassified as a Permanent Fund.
- The Township should review the current fund classifications for proper presentation and make any necessary adjustments to the Uniform Accounting Network (UAN) system to present the financial activity accurately in future periods. The Township may also refer to Auditor of State Bulletin 2005-05 for additional guidance.

**Officials' Response:**

The Cemetery Bequest Fund has been reclassified as a Permanent Fund in the UAN System with all funds being transferred to the Permanent Fund.

**FINDING NUMBER 2008-002**

**2007 Reconciliation Adjustments**

At December 31, 2007 the Townships bank accounts were not reconciled to the underlying accounting records. The Township engaged the Auditor of State - Local Government Services (LGS) to perform a proof of cash to determine the reconciling differences. LGS identified the following adjustments in order to reconcile the December 31, 2007 book amounts to the bank, which dealt with unrecorded interest earnings and investment account fees not being recorded:

	<u>Client's Amount</u>	<u>Adjustment</u>	<u>Adjusted Amount</u>
Earnings on Investment	\$1,563,815	\$107,869	\$1,671,684
Miscellaneous Revenue	1,158	176	1,334
General Government	1,607,971	38,792	1,646,763

The fiscal officer made these adjustments to the UAN (Uniform Accounting Network) system as of January 1, 2008; however, the 2007 annual report did not include these amounts which caused the 2007 ending fund cash balance in the General Fund not to agree to the January 1, 2008 beginning fund cash balance. This resulted in 2007 General Fund revenue being understated by 6.4% and expenditures being understated by 1.6%. The adjustments noted above are reflected in the 2007 financial statements.

Procedures should be implemented to verify that monthly bank reconciliations are performed in a timely manner and any reconciling items, including unrecorded investment earnings and related expenses, are corrected within a reasonable period. Failure to do so could result in management using the incorrect cash balance as a basis for their decisions and bank errors going unnoticed. Additionally, independent detailed reviews should be performed of these reconciliations as means of providing for their accuracy.

**Officials' Response:**

Bank reconciliations have been completed and balanced since July 1, 2008 to date. Interest and related expenses are posted monthly from Township's US Bank Investment Accounts.

**FINDING NUMBER 2008-003**

**Noncompliance Citation:**

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

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

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that 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 the 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 a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess 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 year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Elizabeth Township did not properly certify the availability of funds prior to purchase commitment for 9.88% (8 out of 81 expenditures tested), and there was no evidence that Elizabeth Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and lead to negative cash fund balances.

**FINDING NUMBER 2008-003  
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response:**

The Township is now using Blanket Certificates to eliminate this from happening in the future.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

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>
2006-001	Incorrect Fund Classifications for Shaggy Bark Lighting Assessment Fund and Cemetery Bequest Fund	No	Partially Corrected; Re-issued as Finding Number 2008-001
2006-002	Investment Gains/Losses were not recorded	No	See Finding 2008-002



Mary Taylor, CPA  
Auditor of State

**ELIZABETH TOWNSHIP**

**MIAMI 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  
SEPTEMBER 10, 2009**