



**MIAMI TOWNSHIP
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MIAMI TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephon 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.

REPORT OF INDEPENDENT ACCOUNTANTS

Miami Township
Clermont County
5900 McPicken Drive
Milford, Ohio 45150

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 discussed 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, 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 July 17, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 17, 2000

This page intentionally left blank.

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$453,248	\$8,050,751	\$0	\$8,503,999
Intergovernmental	603,135	1,573,998	278,494	2,455,627
Licenses, Permits, and Fees	155,796			155,796
Earnings on Investments	226,899	61,099		287,998
Unclassified	99,845	337,751		437,596
	<u>1,538,923</u>	<u>10,023,599</u>	<u>278,494</u>	<u>11,841,016</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	776,483	95,896		872,379
Public Safety		6,583,702		6,583,702
Public Works		1,101,464		1,101,464
Health	132,007	37,468		169,475
Conservation - Recreation	274,537	155,321		429,858
Debt Service:				
Redemption of Principal	29,797	602,107		631,904
Interest and Fiscal Charges	11,511	76,599		88,110
Capital Outlay	567,031	1,314,698	278,494	2,160,223
	<u>1,791,366</u>	<u>9,967,255</u>	<u>278,494</u>	<u>12,037,115</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(252,443)</u>	<u>56,344</u>	<u>0</u>	<u>(196,099)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		8,669		8,669
Transfers-Out	(8,669)			(8,669)
Other Sources	4,527	34,858		39,385
	<u>(4,142)</u>	<u>43,527</u>	<u>0</u>	<u>39,385</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(256,585)	99,871	0	(156,714)
Fund Cash Balances, January 1	<u>1,714,327</u>	<u>4,012,108</u>	<u>29,442</u>	<u>5,755,877</u>
Fund Cash Balances, December 31	<u>\$1,457,742</u>	<u>\$4,111,979</u>	<u>\$29,442</u>	<u>\$5,599,163</u>

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

**MIAMI TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Local Taxes	\$290,708	\$7,626,941	\$0	\$7,917,649
Intergovernmental	780,679	1,361,007		2,141,686
Licenses, Permits, and Fees	19,200			19,200
Earnings on Investments	201,335	33,415		234,750
Other Revenue	136,908			136,908
Unclassified	372,497	369,242		741,739
Total Cash Receipts	1,801,327	9,390,605	0	11,191,932
Cash Disbursements:				
Current:				
General Government	716,496	71,483		787,979
Public Safety		5,651,272		5,651,272
Public Works		694,853		694,853
Health	64,639	44,975		109,614
Conservation - Recreation	207,640	470,000		677,640
Debt Service:				
Redemption of Principal	27,927	558,005		585,932
Interest and Fiscal Charges	13,381	86,501		99,882
Capital Outlay	57,893	1,127,803		1,185,696
Total Cash Disbursements	1,087,976	8,704,892	0	9,792,868
Total Receipts Over/(Under) Disbursements	713,351	685,713	0	1,399,064
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Notes		230,000		230,000
Other Sources	11			11
Total Other Financing Receipts/(Disbursements)	11	230,000	0	230,011
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	713,362	915,713	0	1,629,075
Fund Cash Balances, January 1	1,000,965	3,096,395	29,442	4,126,802
Fund Cash Balances, December 31	<u>\$1,714,327</u>	<u>\$4,012,108</u>	<u>\$29,442</u>	<u>\$5,755,877</u>

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

**MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miami Township, Clermont 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, cemetery maintenance, 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 present unclassified amounts which is a departure from the financial statement presentation prescribed by the Auditor of State of Ohio in the Ohio Administrative Code.

C. Cash and Investments

Certificates of deposit, and U.S. Treasury Notes, U.S. Treasury Bonds, and Money Market Investments 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.

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:

Police District Fund - This fund receives tax money for the operating expenses incurred by the police district in the Township.

Ambulance Fund - This fund receives tax money to provide emergency medical services to the Township.

MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Issue II Fund - The Township received a grant from the State of Ohio for the Dry Run Road Bank Stabilization project.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. As of December 31, 1999 and 1998 there were no material unrecorded encumbrances outstanding.

A summary of 1999 and 1998 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.

**MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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>1999</u>	<u>1998</u>
Demand deposits	\$3,145,119	\$3,409,656
Certificates of deposit	1,000	1,000
Total deposits	<u>3,146,119</u>	<u>3,410,656</u>
Money Market Investments	19,525	55,839
U.S. Treasury Bills		189,808
U.S. Treasury Bonds	2,433,519	2,099,574
Total investments	<u>2,453,044</u>	<u>2,345,221</u>
Total deposits and investments	<u>\$5,599,163</u>	<u>\$5,755,877</u>

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. Treasury Bills and Bonds 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. Money Market Investments are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,506,033	\$1,543,450	\$37,417
Special Revenue	10,010,503	10,067,126	56,623
Capital Projects		278,494	278,494
Total	<u>\$11,516,536</u>	<u>\$11,889,070</u>	<u>\$372,534</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,150,434	\$1,800,035	\$1,350,399
Special Revenue	14,083,000	9,967,255	4,115,745
Capital Projects	29,442	278,494	(249,052)
Total	<u>\$17,262,876</u>	<u>\$12,045,784</u>	<u>\$5,217,092</u>

**MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,725,189	\$1,801,338	\$76,149
Special Revenue	<u>9,450,997</u>	<u>9,620,605</u>	<u>169,608</u>
Total	<u>\$11,176,186</u>	<u>\$11,421,943</u>	<u>\$245,757</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,726,120	\$1,087,976	\$1,638,144
Special Revenue	12,547,390	8,704,892	3,842,498
Capital Projects	<u>29,442</u>	<u></u>	<u>29,442</u>
Total	<u>\$15,302,952</u>	<u>\$9,792,868</u>	<u>\$5,510,084</u>

The Issue II and Park Trust funds had expenditures exceeding appropriations by \$278,494 and \$37,920 respectively in 1999, which is in violation of Ohio Rev. Code Section 5705.41(b).

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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Paul Young Property, 1994	\$160,793	6.5%
Fire Fighting Equipment Notes, 1995	40,000	4.6%
Salt Dome Notes, 1996	130,000	4.6%
Ambulance Notes, 1996	70,000	4.5%
Tax Anticipation Notes, 1996	740,000	4.3%
Fire Pumper Lease, 1997	109,409	5.4%
Ambulance Lease, 1998	188,467	5.1%
Total	\$1,438,669	

The Paul Young Property, 1994, is an agreement between the Township and Mr. Paul Young for the purchase of land for a township park. The Township is paying Mr. Young \$3,442.33 per month, including interest, over ten years.

The Fire Fighting Notes, 1995, relate to the purchase of a new fire truck. The Township is repaying the notes with proceeds from an operating levy. The notes will be repaid over five years with not less than the principal amount of \$40,000 being paid annually.

The Salt Dome Notes, 1996, relate to the building of a salt dome for the Township. The notes will be repaid over five years with not less than the principal amount of \$60,000 in year one and \$65,000 in years 2 through 5 being paid annually.

The Ambulance Notes, 1996, relate to the purchase of a new ambulance. The Township is repaying the notes with proceeds from an operating levy. The notes will be repaid over five years with not less than the principal amount of \$35,000 being paid annually.

The Tax Anticipation Notes, 1996, relate to the purchase of land. The Township is repaying the notes with proceeds from an operating levy. The notes will be repaid over five years with not less than the principal amount of \$370,000 being paid annually.

The Fire Pumper Truck Lease, 1997, relates to the purchase of a Pierce Saber Pumper Truck. The lease-purchase agreement will be repaid over five years with payments of \$59,132.76, including interest, being paid annually.

The EMS Ambulance Lease, 1998, relates to the purchase of two new ambulances. The tax-exempt municipal lease will be repaid over five years with not less than the principal amount of \$53,258.84 being paid annually.

**MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Paul Young Property 1994	Fire Equip- ment Notes 1995	Salt Dome Notes 1996	Ambulance Notes 1996	Tax Anticipation Notes	Fire Pumper Lease 1997	Ambulance Lease 1998
2000	\$41,308	\$41,840	\$69,537	\$38,143	\$394,513	\$59,133	\$53,286
2001	41,308		66,517	36,582	378,325	59,133	53,286
2002	41,308						53,286
2003	41,308						53,286
2004	<u>20,654</u>						
Total	<u>\$185,886</u>	<u>\$41,840</u>	<u>\$136,054</u>	<u>\$74,725</u>	<u>\$772,838</u>	<u>\$118,266</u>	<u>\$213,144</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, 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, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**MIAMI TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

8. CONTINGENT LIABILITIES (Continued)

In May 2000, judgement was entered in favor of an employee and against Miami Township for back pay plus 10% interest. The Township is seeking review of this judgement in the Ohio Supreme Court.

9. SUBSEQUENT EVENTS

The Township approved the issuance and sale of \$2 million in Tax Anticipation Notes in Resolution 2000-21 on March 21, 2000. This issue is to finance land acquisition and park development.

10. COMPLIANCE

The receipts presented on the financial statements are unclassified, other than amounts we could confirm such as local taxes, intergovernmental and interest. This presentation is a material departure from the presentation prescribed by the Auditor of State in Sections 117-03-03 through 117-03-10 of the Ohio Administrative Code. Those sections of the Ohio Administrative Code require classifying receipts by source.

Also, the Township did not establish a fund to account for Issue 2 monies as required by Ohio law.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephon 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.

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

Miami Township
Clermont County
5900 McPicken Drive
Milford, Ohio 45150

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 17, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 1999-40413-001, 1999-40413-002 and 1999-40413-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated July 17, 2000.

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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. A reportable condition is described in the accompanying schedule of findings as item 1999-40413-001.

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, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 17, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

July 17, 2000

**MIAMI TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-40413-001

Noncompliance Citation/Reportable Condition

Ohio Admin. Code, Section 117-3-09, requires that a township post to each receipts account the estimated amount of money to be received into the account as specified by the County Budget Commission. Also, receipts should be entered in the "Amount Received" column and in the "Credit" column and subtracted from the budget estimate amount ("Balance").

During our review, we noted that the Township did not post estimated receipts to the receipts ledger. The receipts ledger facilitates the comparison of estimated to actual receipts within each fund. This analysis permits corrective action to be taken throughout the year if revenue estimates, which are the basis for appropriations, fall below appropriations.

Also, the Township does not keep a receipts ledger as required that shows each receipts account separately and includes the date, receipt number, amount receipt, a comparison of estimated to actual receipts, and month and year to date totals.

Ohio Admin. Code, Section 117-3-08, requires that the Township maintain a cash journal to account for the financial operations of the Township. The cash journal documents each receipt and expenditure by date and maintains a monthly fund balance for all funds.

During our review, we noted that the Township did not maintain a cash journal or any similar journal.

We recommend that the Township maintain a cash journal and receipts ledger as prescribed by the Ohio Admin. Code. Receipts should be posted by fund and line item, with a running balance maintained. Each line item should be posted to a separate page in the receipts ledger. At year-end, the totals from these ledgers should be carried forward to the annual financial report. Numerous misclassification and misposting of receipts were noted during the audit. Misclassification and misposting of receipts resulted in audit adjustments to correct the financial statements. Due care should be exercised by the Clerk when posting to the receipts ledger and in preparation of the annual report. Furthermore, the cash journal should be reconciled monthly to the receipt ledger and appropriation ledger.

FINDING NUMBER 1999-40413-002

Material//Noncompliance Citation

Ohio Rev. Code, Section 5705.09, requires the Township to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law require to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditures and anticipated expenditures should be included in the Township appropriations.

During 1999, the Township participated in the Ohio Public Works Commission's Issue 2 Funding Program. Under this program, the State made payments of "Issue 2" monies to contractors on behalf of the Township. The Township did not formally establish the required fund to account for these monies and did not include these monies within its annual budget. Guidelines on the accounting treatment for these types of transactions is set forth in MAS Bulletin 89-17. The financial statements reflect an adjustment to include Issue 2 money.

**MIAMI TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-40413-002 (Continued)

We recommend the Township formally establish an Issue 2 fund and record all future Issue 2 payments to contractors on behalf of the Township in this fund. The Township should also include all Issue 2 monies in its annual budget and continue to monitor the budgetary activity obtaining any necessary amendments.

FINDING NUMBER 1999-40413-003

Material/Noncompliance

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The December 31, 1999 financial statement reflects an adjustment to include Issue 2 receipts and expenditures; however, the Township did not include these monies within its annual budget, which resulted in expenditures exceeding appropriations in the Issue 2 fund by \$278,494. Furthermore, the Park Trust Fund had expenditures exceeding appropriations by \$37,920 at December 31, 1999.



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

CLERMONT 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
AUGUST 29, 2000**