



**Auditor of State
Betty Montgomery**

**MIAMI TOWNSHIP
CLERMONT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Miami Township
Clermont County
5900 McPicken Drive
Milford, Ohio 45150

To the Board of Trustees:

We have audited the accompanying financial statement of Miami Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2002. This financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2002, 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 August 26, 2003 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 management, the Board 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.

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

Betty Montgomery
Auditor of State

August 26, 2003

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$582,745	\$9,371,435		\$9,954,180
Intergovernmental	705,216	1,601,397	73,147	2,379,760
Special Assessments	0	178,603		178,603
Charges for Services	0	84,217		84,217
Licenses, Permits, and Fees	175,194	165,631		340,825
Fines, Forfeitures, and Penalties	40,738	34,274		75,012
Earnings on Investments	91,690	26,449		118,139
Other Revenue	538,470	108,235		646,705
	<u>2,134,053</u>	<u>11,570,241</u>	<u>73,147</u>	<u>13,777,441</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	1,199,221	133,492		1,332,713
Public Safety		8,316,018		8,316,018
Public Works		1,378,495		1,378,495
Health	150,094	35,414		185,508
Conservation - Recreation	198,650	373,379		572,029
Debt Service:				
Redemption of Principal	36,194	544,778		580,972
Interest and Fiscal Charges	5,115	118,359		123,474
Capital Outlay	121,656	1,949,824		2,071,480
	<u>1,710,930</u>	<u>12,849,759</u>	<u>0</u>	<u>14,560,689</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>423,123</u>	<u>(1,279,518)</u>	<u>73,147</u>	<u>(783,248)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	8,077	344,029		352,106
Transfers-Out	(330,655)	(21,451)		(352,106)
Other Sources		84,216		84,216
Other Uses			(73,147)	(73,147)
	<u>(322,578)</u>	<u>406,794</u>	<u>(73,147)</u>	<u>11,069</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	100,545	(872,724)	0	(772,179)
Fund Cash Balances, January 1	<u>680,556</u>	<u>3,895,349</u>	<u>0</u>	<u>4,575,905</u>
Fund Cash Balances, December 31	<u>\$781,101</u>	<u>\$3,022,625</u>	<u>\$0</u>	<u>\$3,803,726</u>
Reserve for Encumbrances, December 31	<u>\$2,292</u>	<u>\$33,986</u>	<u>\$0</u>	<u>\$36,278</u>

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

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**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miami Township, Clermont County, Ohio (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 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 include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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.

U.S. Treasury Bonds and Money Market Investments are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund 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 Fund – This fund receives tax money for the operating expenses incurred by the police department in the Township.

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

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

This fund is 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 Capital Project Fund:

FEMA Fund – This fund receives federal monies for flood repairs from the U.S. Federal Emergency Management Agency.

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 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. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(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:

	2002
Demand deposits	\$991,783
Money Market	40,218
Federal Securities	2,771,725
Total investments	2,811,943
Total deposits and investments	\$3,803,726

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

Investments: U.S. Treasury 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 year ending December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,852,671	\$2,142,130	\$289,459
Special Revenue	12,119,680	11,998,486	(121,194)
Capital Projects	70,157	73,147	2,990
Total	\$14,042,508	\$14,213,763	\$171,255

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,845,197	\$2,043,877	(\$198,680)
Special Revenue	15,460,279	12,905,196	2,555,083
Capital Projects	220,518	73,147	147,371
Total	\$17,525,994	\$15,022,220	\$2,503,774

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds:

Date	Fund	Variance
3/31/2002	03-03a-005a	\$ (13,430)
3/31/2002	01-01b-002c	(19,403)
3/31/2002	05-05a-006d	(28)
11/30/2002	01-01j-0030	(22,011)
11/30/2002	04-04a-0050	(1,968)
11/30/2002	04-04c-003f	(14,952)
11/30/2002	09-09a-0090	(6,426)
12/31/2002	General	(198,680)
12/31/2002	Lighting District	(3,607)
12/31/2002	Park Trust	(8,077)
12/31/2002	Ohio Seat Belt Grant	(690)
12/31/2002	COPS in Shops	(22,031)
12/31/2002	COPS in Schools	(167,532)
12/31/2002	Safe Roads/Driver	(54,052)
12/31/2002	Safe Communities Grant	(31,321)
12/31/2002	FEMA Grant	(73,147)
12/31/2002	Homeland Security Grant	(54,000)
12/31/2002	DARE	(11,445)
12/31/2002	Bulletproof Vest Grant	(11,813)

At December 31, 2002, the following funds had appropriations exceed estimated resources: Road & Bridge Fund in the amount of \$2,512, Police District Fund in the amount of \$50,894, Drug Fund in the amount of \$4,850, Fire District Fund in the amount of \$232,357, Park Levy Fund in the amount of \$450, and in the Public Works Commission Fund in the amount of \$150,361.

At March 31, 2002 the Gasoline Fund had a negative fund balance of \$2,731, and at September 31, 2002, the following funds had negative fund balances: Gasoline Fund in the amount of \$158, Park Fund in the amount of \$461,885, and in the Drug Fund in the amount of \$8,045.

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.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
1994 Park Land Note	\$58,886	6.50%
1998 Ambulance Lease	50,695	5.10%
2000 TAN for Park Land Improvement	1,200,000	5.70%
2001 General Obligation Road Equip Notes	53,526	4.20%
2001 General Obligation Fire Dept Apparatus Notes	585,000	4.10%
Total	\$1,948,107	

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 per month, including interest, over ten years. The agreement is uncollateralized.

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 being paid annually. The Lease is secured by emergency vehicles.

The Tax Anticipation Notes, 2000, are for recreational purposes including the acquisition, development and maintenance of township parks. 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 \$400,000 being paid annually. The Notes are secured by an operating levy.

The General Obligation Road Equipment Note, 2001 relates to the purchase of road equipment. The Note will be repaid over four years with principal amounts of \$16,666 for the first two years and \$16,667 thereafter. The Note is uncollateralized.

The General Obligation Fire Apparatus Note, 2001 is for the purpose of purchasing a fire aerial truck. The Note will be repaid over ten years with a principal amount of \$32,000 paid biannually. The Note is secured by a tax levy.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

5. DEBT (Continued)

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

	1994 Park Land Note	1998 Ambulance Lease	2000 TAN	2001 General Obligation Note - Road Equipment	2001 General Obligation Note - Fire Apparatus
Year ending December 31:					
2003	\$41,308	\$53,286	\$460,000	\$35,232	\$88,319
2004	20,654		440,000	20,690	85,654
2005			420,000		82,988
2006					80,324
2007					77,659
2008 – 2012					283,985
Total	<u>\$61,962</u>	<u>\$53,286</u>	<u>\$1,320,000</u>	<u>\$55,922</u>	<u>\$698,929</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. 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, 2002.

7. RISK MANAGEMENT

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. 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.

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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.

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>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 statement of Miami Township, Clermont County, Ohio (the Township), as of and for the year ended December 31, 2002, and have issued our report thereon dated August 26, 2003. 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 is described in the accompanying schedule of findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 26, 2003.

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 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 items 2002-003 and 2002-005.

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 do not believe the reportable condition described above is 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 August 26, 2003.

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 26, 2003

**MIAMI TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.10, states money that is paid into a fund must be used only for the purpose for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses from another fund. The Township had the following funds with negative fund balances at the indicated dates during 2002:

Date	Fund	Balance
03/31/02	Gasoline Fund	\$ (2,731)
09/30/02	Gasoline Fund	(158)
09/30/02	Park Fund	(461,885)
09/30/02	Drug Fund	(8,045)

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states the total appropriation from each fund should not exceed the total estimated revenue. The total appropriations exceeded estimated resources for the following funds at December 31, 2002:

Fund	Estimated Resources	Total Appropriations	Variance
Road & Bridge	\$ 1,328,494	\$ 1,331,006	\$ (2,512)
Police District	5,112,563	5,163,457	(50,894)
Drug	14,901	19,751	(4,850)
Fire District	2,593,524	2,825,881	(232,357)
Park Levy	1,620,342	1,620,792	(450)
Public Works Commission	70,157	220,518	(150,361)

FINDING NUMBER 2002-003

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations throughout the year in the following line items/funds:

Date	Fund	Appropriations plus Prior Year Carryover	Disbursements plus Outstanding Encumbrances	Variance
03/31/02	03-03a-005a	\$ 21,600	\$ 35,030	\$ (13,430)
03/31/02	01-01b-002c	30,000	49,403	(19,403)
03/31/02	05-05a-006d	122	150	(28)
11/30/02	01-01j-0030	35,000	57,011	(22,011)
11/30/02	04-04a-0050	4,000	5,968	(1,968)
11/30/02	04-04c-003f	18,300	33,252	(14,952)
11/30/02	09-09a-0090	13,000	19,426	(6,426)
12/31/02	General	1,845,197	2,043,877	(198,680)
12/31/02	Lighting District	175,000	178,607	(3,607)
12/31/02	Park Trust	-	8,077	(8,077)
12/31/02	Ohio Seat Belt Grant	-	690	(690)
12/31/02	COPS in Shops	-	22,031	(22,031)
12/31/02	COPS in Schools	-	167,532	(167,532)
12/31/02	Safe Roads/Driver	-	54,052	(54,052)
12/31/02	Safe Communities Grant	-	31,321	(31,321)
12/31/02	FEMA Grant	-	73,147	(73,147)
12/31/02	Homeland Security Grant	-	54,000	(54,000)
12/31/02	DARE	-	11,445	(11,445)
12/31/02	Bulletproof Vest Grant	-	11,813	(11,813)

Official documents for budgeted receipts and appropriations did not agree to the system.

The Township's current system of internal control does not address the need for the accurate posting and updating of the Township's budgetary records and the consistent monitoring of budgetary financial information. The lack of such controls reduces the Township's ability to determine its financial status accurately at any given time and may result in obligations being incurred without the available resources.

The budgeted receipts and appropriations from the official documents should be accurately recorded and updated in the respective ledgers. Trustees should carefully review this information and make appropriate inquiries to help determine the continued integrity of the financial information and accept the information officially in the minutes.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit 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 that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township Board, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Of the transactions reviewed, thirty-six percent were noted to not be properly certified. This percentage includes thirteen percent that were not certified as to the availability of funds at the time the commitment was made, and twenty-three percent that were not signed as certified by the clerk.

FINDING NUMBER 2002-005

Reportable Condition

We noted the following discrepancies in receipts:

- Several intergovernmental and tax receipts were found to have been posted to the wrong funds, in net amount instead of gross, and to the wrong line items.
- Grant activity was not recorded in the appropriate funds and grant activity was not appropriately tracked for receipts and expenditures.

The proper classifications can help demonstrate legal compliance, financial accountability and to provide management with information for decision making. All material adjustments were posted to the accompanying financial statements.

The Clerk and the Board should review the chart of accounts and familiarize themselves with the proper account codes for receipts. The Board should periodically review receipt ledgers to check that transactions have been properly recorded. Without accurate financial information, the Board cannot make informed decisions regarding the financial status of the Township. The Clerk should refer to the Auditor of State's Ohio Township Manual.

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**MIAMI TOWNSHIP
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-40413-001	The Township did not reconcile cash and numerous posting errors were noted.	No	Partially Corrected. The Township reconciled, but posting errors were still made and reported as finding 2002-005
2001-40413-002	Cited ORC 507.09 for overpayment of Clerk	Yes	
2001-40413-003	Cited ORC 5705.09 for not establishing the appropriate grant funds	No	Partially Corrected. The Township created all funds as required by the prior audit, but the same error occurred in 2003 and is cited in the management letter.
2001-40413-004	Cited ORC 5705.10 for negative fund balances.	No	Reissued as finding 2002-001
2001-40413-005	Cited ORC 5705.39 for appropriations exceeding estimated resources.	No	Reissued as finding 2002-002
2001-40413-006	Cited ORC 5705.41(B) for expenditures plus encumbrances exceeding appropriations	No	Reissued as finding 2002-003
2001-40413-007	Cited ORC 5705.41(D) for not certifying the availability of funds. Cited ORC 5705.36 for not certifying the correct balances to the County Auditor.	No	Reissued as finding 2002-004
2001-40413-008	The Board did not review bank reconciliations or budget information.	No	Partially Corrected. Comment reissued in the Management Letter
2001-40413-009	Questioned costs in the COPS in Schools grant	Yes	
2001-40413-010	Incorrect amounts reported on the quarterly financials for the COPS in Schools grant	Yes	
2001-40413-011	The Township was not audited in 2000, but spent more than \$300,000 in federal funds.	Yes	
2001-40413-012	The Township did not verify that vendors used for FEMA contracts had not been debarred or suspended.	Yes	



**Auditor of State
Betty Montgomery**

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
SEPTEMBER 11, 2003**