

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**



Dave Yost • Auditor of State

Board of Trustees
Miami Township
3780 Shady Lane
North Bend, Ohio 45052

We have reviewed the *Independent Auditors' Report* of Miami Township, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Miami Township is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 2, 2013

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**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Miami Township
Hamilton County
3780 Shady Lane
North Bend, Ohio 45052

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Miami Township, Hamilton County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principle

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Township as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Cincinnati, Ohio
May 24, 2013

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 1,080,536	\$ 1,625,466	\$ 2,706,002
Intergovernmental Revenues	223,585	276,959	500,544
Special Assessments	-	95,714	95,714
Payments in Lieu of Taxes	-	5,529,565	5,529,565
Charges for Services	-	506,786	506,786
Licenses, Permits and Fees	326,431	175,360	501,791
Fines and Forfeitures	5,006	-	5,006
Earnings on Investments	9,796	4,024	13,820
Miscellaneous	-	6,000	6,000
Total Cash Receipts	1,645,354	8,219,874	9,865,228
<i>Cash Disbursements:</i>			
<i>Current:</i>			
General Government	835,464	2,671,480	3,506,944
Public Safety	391,185	2,040,804	2,431,989
Public Works	75,918	839,207	915,125
Health and Human Services	-	138,969	138,969
Conservation and Recreation	123,868	-	123,868
Capital Outlay	-	1,176,338	1,176,338
Total Cash Disbursements	1,426,435	6,866,798	8,293,233
Receipts Over (Under) Disbursements	218,919	1,353,076	1,571,995
<i>Other Financing Receipts (Disbursements):</i>			
Transfers-In	-	250,000	250,000
Transfers-Out	(250,000)	-	(250,000)
Total Other Financing Receipts (Disbursements)	(250,000)	250,000	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(31,081)	1,603,076	1,571,995
Fund Cash Balances, January 1	344,934	5,338,764	5,683,698
Fund Cash Balances, December 31:			
Restricted	-	6,941,840	6,941,840
Assigned	904	-	904
Unassigned	312,949	-	312,949
Fund Cash Balances, December 31	\$ 313,853	\$ 6,941,840	\$ 7,255,693

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

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<i>Cash Receipts:</i>			
Property and Local Taxes	\$ 1,151,286	\$ 1,897,340	\$ 3,048,626
Intergovernmental Revenues	365,799	379,764	745,563
Special Assessments	-	37,871	37,871
Payments in Lieu of Taxes	-	5,673,028	5,673,028
Charges for Services	-	456,528	456,528
Licenses, Permits and Fees	352,009	181,390	533,399
Fines and Forfeitures	5,128	-	5,128
Earnings on Investments	10,214	3,657	13,871
Miscellaneous	164	711	875
Total Cash Receipts	1,884,600	8,630,289	10,514,889
<i>Cash Disbursements:</i>			
<i>Current:</i>			
General Government	873,290	2,500,372	3,373,662
Public Safety	427,361	2,033,801	2,461,162
Public Works	311,492	915,772	1,227,264
Health and Human Services	5,772	146,042	151,814
Conservation and Recreation	181,999	-	181,999
Capital Outlay	-	2,734,455	2,734,455
Total Cash Disbursements	1,799,914	8,330,442	10,130,356
Receipts Over (Under) Disbursements	84,686	299,847	384,533
<i>Other Financing Receipts (Disbursements):</i>			
Transfers-In	-	30,000	30,000
Transfers-Out	(30,000)	-	(30,000)
Total Other Financing Receipts (Disbursements)	(30,000)	30,000	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	54,686	329,847	384,533
Fund Cash Balances, January 1	290,248	5,008,917	5,299,165
Fund Cash Balances, December 31:			
Restricted	-	5,338,764	5,338,764
Assigned	448	-	448
Unassigned	344,486	-	344,486
Fund Cash Balances, December 31	\$ 344,934	\$ 5,338,764	\$ 5,683,698

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

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Miami Township, Hamilton County, Ohio (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 Hamilton County Sheriff's Department to provide police protection services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 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.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

2. Special Revenue Funds

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

Tax Increment Financing Fund – This fund receives payments in lieu of taxes which are used for public improvements or are remitted to the local school district.

Fire District Fund – This fund receives property tax monies which are used to provide fire protection for Township residents.

Police District Fund – This fund receives property tax monies which are used to provide police protection for Township residents.

Garbage & Waste Disposal Fund – This fund receives property tax monies which are used to provide garbage and waste disposal for Township residents.

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. 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.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

F. Fund Balance

For 2011, the Township implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the previously reported fund balances.

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

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

G. Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2012</u>	<u>2011</u>
Demand deposits	\$ 761,798	\$5,212,544
Money market	<u>6,493,895</u>	<u>471,154</u>
Total deposits	<u><u>\$7,255,693</u></u>	<u><u>\$5,683,698</u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,268,222	\$ 1,645,354	\$ 377,132
Special Revenue	<u>8,396,493</u>	<u>8,469,874</u>	<u>73,381</u>
Total	<u><u>\$ 9,664,715</u></u>	<u><u>\$ 10,115,228</u></u>	<u><u>\$ 450,513</u></u>

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,783,086	\$ 1,677,339	\$ 105,747
Special Revenue	7,788,384	6,869,832	918,552
Total	<u>\$ 9,571,470</u>	<u>\$ 8,547,171</u>	<u>\$ 1,024,299</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,601,297	\$ 1,884,600	\$ 283,303
Special Revenue	7,784,728	8,660,289	875,561
Total	<u>\$ 9,386,025</u>	<u>\$ 10,544,889</u>	<u>\$ 1,158,864</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,851,056	\$ 1,830,362	\$ 20,694
Special Revenue	9,551,406	8,642,753	908,653
Total	<u>\$ 11,402,462</u>	<u>\$ 10,473,115</u>	<u>\$ 929,347</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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. TRANSFERS

In 2012, transfers of \$230,000 and \$20,000 were made from the General Fund to the Garbage & Waste Disposal Fund and Cemetery Fund, respectively, to provide for funding for operations.

In 2011 a transfer of \$30,000 was made from the General Fund to the Fire District Fund to provide funding for operations.

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10 percent of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. For 2012 and 2011, OPERS members contributed 10 of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2012 and 2011.

	2012	2011
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Assets	<u>\$25,416,188</u>	<u>\$25,367,373</u>

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011
(continued)**

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$26,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Year</u>	<u>Contribution</u>
2011	\$42,194
2012	43,827

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Miami Township
Hamilton County
3780 Shady Lane
North Bend, Ohio 45052

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Miami Township, Hamilton County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, as described in Note 1, and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings, that we consider a significant deficiency in internal control. We consider finding 2012-01 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bastin & Company, LLC". The signature is written in a cursive style and is contained within a light gray rectangular box.

Cincinnati, Ohio
May 24, 2013

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number 2012-01 – Audit Adjustments

During the course of our audit, we identified misstatements in the financial statements for the years under audit that were not initially identified by the Township's internal control. Audit adjustments were necessary to correct errors in the Township's financial statements. A description of the significant adjustments follows:

Reclassification of Revenues – For 2012, reclassification adjustments totaling \$89,730 were necessary to properly reflect miscellaneous revenues as licenses, permits and fees in the Cemetery Fund. For 2011, reclassification adjustments totaling \$62,196 were necessary to properly reflect miscellaneous revenues as licenses, permits and fees in the Cemetery Fund.

Reclassification of Expenditures – For 2012, reclassification adjustments totaling \$459,809 were necessary to properly reflect public works and public safety expenses as capital outlay expense in the TIF Fund. For 2011, reclassification adjustments totaling \$2,523,052 were necessary to properly reflect public works and public safety expenses as capital outlay expenses in the TIF Fund.

Other Adjustments – Adjustments were necessary to record receipts in the proper year. Adjustments totaling \$7,180 (\$1,235 in the General Fund and \$5,945 in the Cemetery Fund) were required to reflect receipts received and deposited in 2011 that had been recorded in 2012.

For 2012, reclassification adjustments totaling \$85,972 for the General Fund and \$83,940 for the TIF Fund were necessary to record the effect of expenditures which had been recorded as adjustments to reduce the beginning of the year fund cash balances.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Township implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Township's Response

The Township concurs with the finding and will attempt to ensure that all receipts and expenditures are properly coded.

**MIAMI TOWNSHIP
HAMILTON COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2010-01	Adjustments and reclassifications to correct financial statements.	No	Condition existed during current audit period, reissued as finding 2012-01
2010-02	Appropriations exceeded Estimated Resources citation ORC section 5705.39.	Yes	Condition corrected during current audit period.

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Dave Yost • Auditor of State

MIAMI TOWNSHIP

HAMILTON 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
JULY 16, 2013**