



**Auditor of State
Betty Montgomery**

MILLER TOWNSHIP
KNOX COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Miller Township
Knox County
13621 Sycamore Road
Mt. Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Miller Township, Knox County (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and December 31, 2001, and its combined cash receipts and cash 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 February 7, 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.

Miller Township
Knox County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Trustees 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

February 7, 2003

MILLER TOWNSHIP
KNOX COUNTY

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$21,401	\$24,918	\$0	\$0	\$46,319
Intergovernmental	24,048	66,431	0	0	90,479
Licenses, Permits, and Fees	3,376	1,745	0	0	5,121
Earnings on Investments	433	137	149	129	848
Other Revenue	321	1,308	0	0	1,629
	<u>49,579</u>	<u>94,539</u>	<u>149</u>	<u>129</u>	<u>144,396</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	39,760	0	0	0	39,760
Public Safety	0	17,477	0	0	17,477
Public Works	1,727	73,459	0	0	75,186
Health	5,521	1,013	0	0	6,534
Conservation - Recreation	700	0	0	0	700
Capital Outlay	0	2,200	0	0	2,200
	<u>47,708</u>	<u>94,149</u>	<u>0</u>	<u>0</u>	<u>141,857</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	1,871	390	149	129	2,539
Fund Cash Balances, January 1, 2002	<u>60,833</u>	<u>67,899</u>	<u>1,561</u>	<u>3,874</u>	<u>134,167</u>
Fund Cash Balances, December 31, 2002	<u>\$62,704</u>	<u>\$68,289</u>	<u>\$1,710</u>	<u>\$4,003</u>	<u>\$136,706</u>

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

MILLER TOWNSHIP
KNOX COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Expendable Trust	Nonexpendable Trust	
Cash Receipts:					
Local Taxes	\$20,653	\$24,077	\$0	\$0	\$44,730
Intergovernmental	27,122	65,932	0	0	93,054
Licenses, Permits, and Fees	2,243	1,905	0	0	4,148
Earnings on Investments	921	411	0	269	1,601
Other Revenue	1,179	1,244	0	0	2,423
Total Cash Receipts	52,118	93,569	0	269	145,956
Cash Disbursements:					
Current:					
General Government	38,345	0	0	0	38,345
Public Safety	0	19,977	0	0	19,977
Public Works	2,116	70,176	0	0	72,292
Health	6,840	969	0	0	7,809
Conservation - Recreation	540	0	0	0	540
Capital Outlay	0	1,768	0	0	1,768
Total Cash Disbursements	47,841	92,890	0	0	140,731
Total Receipts Over/(Under) Disbursements	4,277	679	0	269	5,225
Fund Cash Balances, January 1, 2001	56,556	67,220	1,561	3,605	128,942
Fund Cash Balances, December 31, 2001	\$60,833	\$67,899	\$1,561	\$3,874	\$134,167

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

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Miller Township, Knox 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Homer Fire Department to provide fire services and Utica Emergency Squad to provide ambulance 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 included in fund cash balances. 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.

Certificates of deposit 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 Fund:

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

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

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

Expendable Trust – This fund receives gifts and donations from benefactors and uses the fund balance from a certificate of deposit for improving the Township's parks.

Non-Expendable Trust – This fund receives gifts and donations from benefactors and uses the interest earned on the fund balance from a certificate of deposit for improving the Township's cemeteries.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

A summary of 2002 and 2001 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.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash pool used by all funds except for the Fiduciary Funds. The Fiduciary Funds are invested in certificates of deposit. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2002	2001
Demand deposits	\$130,993	\$128,732
Certificates of deposit	5,713	5,435
Total deposits	\$136,706	\$134,167

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,850	\$49,579	\$729
Special Revenue	94,664	94,539	(125)
Expendable Trust	100	149	49
Non-Expendable Trust	229	129	(100)
Total	\$143,843	\$144,396	\$553

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,674	\$47,708	\$61,966
Special Revenue	160,719	94,149	66,570
Expendable Trust	1,660	0	1,660
Non-Expendable Trust	3,000	0	3,000
Total	\$275,053	\$141,857	\$133,196

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,241	\$52,118	\$3,877
Special Revenue	92,278	93,569	1,291
Expendable Trust	37	0	(37)
Non-Expendable Trust	192	269	77
Total	\$140,748	\$145,956	\$5,208

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,781	\$47,841	\$56,940
Special Revenue	159,409	92,890	66,519
Debt Service	1,500	0	1,500
Capital Projects	2,600	0	2,600
Total	\$268,290	\$140,731	\$127,559

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.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides 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 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive Municipal Liability
- Public Officials Errors & Omissions
- Automobile Liability
- Auto Physical Damage Coverage
- Property Coverage
- Valuable Papers & Records
- Business Electronic Equipment
- Inland Marine Coverage

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

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Auditor of State Betty Montgomery

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

Miller Township
Knox County
13621 Sycamore Road
Mt. Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Miller Township, Knox County (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated February 7, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 7, 2003.

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Miller Township
Knox County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

February 7, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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MILLER TOWNSHIP

KNOX 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
MARCH 25, 2003**