



**Auditor of State  
Betty Montgomery**



NORTHERN MIAMI VALLEY LOCAL GOVERNMENT ASSOCIATION  
MIAMI COUNTY

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**Auditor of State  
Betty Montgomery**

Northern Miami Valley Local Government Association  
Miami County  
260 South Garber Drive  
P.O. Box 188  
Tipp City, Ohio 45371

To the Association:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

July 11, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Northern Miami Valley Local Government Association  
Miami County  
260 South Garber Drive  
P.O. Box 188  
Tipp City, Ohio 45371

To the Association:

We have audited the accompanying financial statements of the Northern Miami Valley Local Government Association, Miami County, (the Association), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Association'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Association has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Association to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. While the Association does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Association has elected not to reformat its statements. Since this Association does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Association as of December 31, 2005 and 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of the Northern Miami Valley Local Government Association, Miami County, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Government to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Association has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2006, on our consideration of the Association'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

July 11, 2006

**NORTHERN MIAMI VALLEY LOCAL GOVERNMENT ASSOCIATION  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<b>2005</b>	<b>2004</b>
<b>Cash Receipts:</b>		
Dues	\$16,434	\$11,553
Interest	110	37
Total Cash Receipts	16,544	11,590
<b>Cash Disbursements:</b>		
Professional Fees	13,055	17,237
Miscellaneous	39	1,079
Total Cash Disbursements	13,094	18,316
Total Cash Receipts Over/(Under) Cash Disbursements	3,450	(6,726)
Cash Balance, January 1	4,045	10,771
<b>Cash Balance, December 31</b>	<b>\$7,495</b>	<b>\$4,045</b>

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

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**NORTHERN MIAMI VALLEY LOCAL GOVERNMENT ASSOCIATION  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Northern Miami Valley Local Government Association, Miami County, (the Association), is a Regional Council of Governments established under Chapter 167 of the Ohio Revised Code.

The Association is comprised of the following municipalities: City of Clayton, City of Fairborn, City of Vandalia, City of Huber Heights, City of Troy, City of Sidney, City of Piqua, City of Springfield, City of New Carlisle, City of Tipp City and the Village of Yellow Springs.

The Association was established to foster cooperation among member municipalities to negotiate cable television franchises, exploration of joint purchases of materials, equipment, or services, coordination of joint personnel training, sharing information on matters related to municipal affairs, facilitating the sharing of equipment between members of the Association, and contracting with consultants and/or other sources for the accomplishment of any of the purposes agreed upon.

The Association's management believes these financial statements present all activities for which the Association 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

The primary share savings account and checking account are valued at cost.

**D. Fund Accounting**

The Association uses fund accounting and classifies its fund into the following type:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources.

**E. Budgetary Process**

The Association approves the budget at the beginning of each year to govern expenditures for the year. At the present time, they are not required to certify their action to the Miami County Budget Commission.

**NORTHERN MIAMI VALLEY LOCAL GOVERNMENT ASSOCIATION  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. DEPOSITS**

The Association maintains cash used by its fund. The Association's by-laws prescribe allowable deposits and investments. The Association had no investments at year end. The carrying amount of cash at December 31 was as follows:

	<b>2005</b>	<b>2004</b>
Total deposits	<u>\$7,495</u>	<u>\$4,045</u>

Deposits are insured by the National Credit Union Share Insurance Fund, which is administered by the National Credit Union Administration, an agency of the Federal Government.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Northern Miami Valley Local Government Association  
Miami County  
260 South Garber Drive  
P.O. Box 188  
Tipp City, Ohio 45371

To the Association:

We have audited the financial statements of the Northern Miami Valley Local Government Association, Miami County, (the Association), as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated July 11, 2006, wherein we noted the Association follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Association'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, providing an opinion 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*. In a separate letter to the Association's management dated July 11, 2006, we reported a matter related to noncompliance we deemed immaterial.

Northern Miami Valley Local Government Association  
Miami County  
Independent Accountants' Report On Internal Control Over  
Financial Reporting And On Compliance Other Matters  
Required By *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the Association. It is not intended for anyone other than this specified party.

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

**Betty Montgomery**  
Auditor of State

July 11, 2006



**Auditor of State  
Betty Montgomery**

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**NORTHERN MIAMI VALLEY LOCAL GOVERNMENT ASSOCIATION**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 1, 2006**