



Mary Taylor, CPA
Auditor of State

**MIAMI TOWNSHIP
GREENE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Miami Township
Greene County
225 Corry Street
Yellow Springs, Ohio 45387

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Greene County, Ohio (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Miami Township, Greene County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, and Fire Special Levy funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2007, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2008, 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. 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.

Management's discussion and analysis and is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 1, 2008

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

This discussion and analysis of Miami Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$35,677 or 8 percent, from the prior year.
- The Township's general receipts are primarily property taxes. The total receipts for Property Tax and Earnings on Investments increased \$122,961 and decreased \$2,365 respectively.
- An additional tax levy was passed for the Fire Department commencing in tax collection year 2006 with the first payment due in 2007. This resulted in a \$117,156 increase in Property Tax revenues for the Fire Department Fund. Hourly and salary employees of the Fire Department received increases totaling \$24,081 overall.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report Miami Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township only reports governmental activities.

Governmental activities - Miami Township's three basic services are reported here: 1) fire protection/emergency medical services; 2) road maintenance; and 3) burial and cemetery maintenance. Property taxes, a special tax levy and gas taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The Township only has governmental funds.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund and the Fire Special Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$476,627	\$440,950
Total Assets	<u>\$476,627</u>	<u>\$440,950</u>
Net Assets		
Restricted for:		
Other Purposes	293,985	261,633
Unrestricted	182,642	179,317
Total Net Assets	<u>\$476,627</u>	<u>\$440,950</u>

As mentioned previously, net assets of governmental activities increased \$35,677 or 8 percent during 2007. The primary reason contributing to the increases in the cash balance is the passage of a new levy for the Fire Fund.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2007 for governmental activities.

**(Table 2)
Change in Net Assets**

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 289	\$ 2,659
Operating Grants and Contributions	171,470	179,480
Capital Grants and Contributions		
Total Program Receipts	<u>171,759</u>	<u>182,139</u>
General Receipts:		
Property and Other Local Taxes	562,538	439,577
Grants and Entitlements Not Restricted to Specific Programs	109,145	194,663
Sale of Asset		1,000
Interest	20,986	24,290
Miscellaneous	27,072	37,503
Total General Receipts	<u>719,741</u>	<u>697,033</u>
Total Receipts	<u>891,500</u>	<u>879,172</u>

(Continued)

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

**(Table 2)
Change in Net Assets
(Continued)**

	Governmental Activities	
	2007	2006
Disbursements:		
General Government	108,033	125,285
Public Safety	448,101	474,675
Public Works	185,048	133,864
Health	9,595	12,574
Other	9,500	
Capital Outlay	95,546	134,834
Total Disbursements	<u>855,823</u>	<u>881,232</u>
Increase (Decrease) in Net Assets	35,677	(2,060)
Net Assets, January 1, 2007	440,950	443,010
Net Assets, December 31, 2007	<u>\$476,627</u>	<u>\$440,950</u>

Program receipts represent only 19 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and building permits.

General receipts represent 81 percent of the Township's total receipts, and of this amount, over 78 percent are local taxes. State and federal grants and entitlements make up another 15% of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the Board of Trustees, the Fiscal Officer, supplies, office maintenance and the Zoning Inspector. These costs remain fairly constant and represent 13 percent of total disbursements.

Public Safety is the cost of emergency and fire protection; Public Works is the cost of maintaining the roads; Health is the cost associated with maintaining the Clifton-Union Cemetery.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works. General government costs represent about 13 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

**(Table 3)
Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$108,033	(\$108,033)	\$125,285	(\$125,285)
Public Safety	448,101	(399,623)	474,675	(429,755)
Public Works	185,048	(71,536)	133,864	(42,708)
Health	9,595	(9,595)	12,574	(12,574)
Conservation-Recreation		8,300		19,111
Other	9,500	(8,031)		26,952
Capital Outlay	95,546	(95,546)	134,834	(134,834)
Total Expenses	\$855,823	(\$684,064)	\$881,232	(\$699,093)

The Township's Funds

Total governmental funds had receipts of \$934,090 and disbursements of \$898,413. The greatest change within governmental funds occurred within the Fire Levy Fund. The fund balance of the Fire Levy Fund increased \$91,370 as the result of increased property tax receipts.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Gasoline Tax Fund, and Fire Special Levy Fund.

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Actual receipts were above budgeted receipts due to unexpected revenues received. The difference between final budgeted receipts and original budgeted receipts was not significant.

Final disbursements were budgeted at \$303,299 while actual disbursements were \$219,407. Not all anticipated expenditures occurred and purchases of capital items were postponed.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure for the purposes of financial reports.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes. All expenses are increasing congruent with the all other entities. The Board of Trustees has not chosen to seek an increase in tax dollars from the Township's residents at this time.

The Fire Department is the most expensive fund within the Township. It represents 51% of our total disbursements. In accordance with the Fire Department's Five Year Plan, it is the desire of the Department to purchase a new fire truck and or tanker truck with estimated costs at \$445,759. The Fire Department also has hopes to someday build a new fire station. Options for financing these projects are being explored. The Township Trustees approved billing for EMS runs on May 5, 2008.

**MIAMI TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Margaret Silliman, Fiscal Officer, Miami Township, 225 Corry Street, Yellow Springs, Ohio 45387.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$476,627</u>
Total Assets	<u><u>476,627</u></u>
Net Assets	
Restricted for:	
Other Purposes	293,985
Unrestricted	<u>182,642</u>
Total Net Assets	<u><u>\$476,627</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$182,642	\$91,265	\$145,721	\$56,999	\$476,627
Total Assets	<u>182,642</u>	<u>91,265</u>	<u>145,721</u>	<u>56,999</u>	<u>476,627</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	182,642				182,642
Special Revenue Funds		91,265	145,721	56,999	293,985
Total Fund Balances	<u>\$182,642</u>	<u>\$91,265</u>	<u>\$145,721</u>	<u>\$56,999</u>	<u>\$476,627</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Property and Other Local Taxes	\$71,478		\$444,342	\$46,718	\$562,538
Charges for Services			289		289
Licenses, Permits and Fees	1,349				1,349
Intergovernmental	109,894	\$93,639	56,029	15,657	275,219
Earnings on Investments	20,986	4,593		803	26,382
Miscellaneous			11,550	4,361	15,911
Total Receipts	<u>203,707</u>	<u>98,232</u>	<u>512,210</u>	<u>67,539</u>	<u>881,688</u>
Disbursements					
Current:					
General Government	108,033				108,033
Public Safety			448,101		448,101
Public Works	782	94,599	2,067	87,600	185,048
Health	9,595				9,595
Other					
Capital Outlay	91,497		4,049		95,546
Total Disbursements	<u>209,907</u>	<u>94,599</u>	<u>454,217</u>	<u>87,600</u>	<u>846,323</u>
Excess of Receipts Over (Under) Disbursements	<u>(6,200)</u>	<u>3,633</u>	<u>57,993</u>	<u>(20,061)</u>	<u>35,365</u>
Other Financing Sources (Uses)					
Transfers In	18,990		23,600		42,590
Transfers Out				(42,590)	(42,590)
Other Financing Sources	35		9,777		9,812
Other Financing Uses	(9,500)				(9,500)
Total Other Financing Sources (Uses)	<u>9,525</u>		<u>33,377</u>	<u>(42,590)</u>	<u>312</u>
Net Change in Fund Balances	3,325	3,633	91,370	(62,651)	35,677
Fund Balances Beginning of Year	<u>179,317</u>	<u>87,632</u>	<u>54,351</u>	<u>119,650</u>	<u>440,950</u>
Fund Balances End of Year	<u>\$182,642</u>	<u>\$91,265</u>	<u>\$145,721</u>	<u>\$56,999</u>	<u>\$476,627</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$66,179	\$62,560	\$71,478	\$8,918
Licenses, Permits and Fees			1,349	1,349
Intergovernmental	67,066	67,066	109,894	42,828
Earnings on Investments			20,986	20,986
Total Receipts	<u>133,245</u>	<u>129,626</u>	<u>203,707</u>	<u>74,081</u>
Disbursements				
Current:				
General Government	116,310	123,163	108,033	15,130
Public Safety	1,000	1,000		1,000
Public Works	1,000	1,000	782	218
Health	13,000	12,640	9,595	3,045
Capital Outlay	119,000	135,916	91,497	44,419
Total Disbursements	<u>250,310</u>	<u>273,719</u>	<u>209,907</u>	<u>63,812</u>
Excess of Receipts Over (Under) Disbursements	<u>(117,065)</u>	<u>(144,093)</u>	<u>(6,200)</u>	<u>137,893</u>
Other Financing Sources (Uses)				
Transfers In		18,989	18,990	1
Other Financing Sources	23,000	23,000	35	(22,965)
Other Financing Uses	<u>(34,000)</u>	<u>(29,580)</u>	<u>(9,500)</u>	<u>20,080</u>
Total Other Financing Sources (Uses)	<u>(11,000)</u>	<u>12,409</u>	<u>9,525</u>	<u>(2,884)</u>
Net Change in Fund Balance	(128,065)	(131,684)	3,325	135,009
Unencumbered Cash Balance Beginning of Year	<u>179,317</u>	<u>179,317</u>	<u>179,317</u>	
Unencumbered Cash Balance End of Year	<u>\$51,252</u>	<u>\$47,633</u>	<u>\$182,642</u>	<u>\$135,009</u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$80,189	\$80,189	\$93,639	\$13,450
Earnings on Investments			4,593	4,593
Total Receipts	<u>80,189</u>	<u>80,189</u>	<u>98,232</u>	<u>18,043</u>
Disbursements				
Current:				
Public Works	102,030	102,030	94,599	7,431
Capital Outlay	<u>30,000</u>	<u>30,000</u>		<u>30,000</u>
Total Disbursements	<u>132,030</u>	<u>132,030</u>	<u>94,599</u>	<u>37,431</u>
Excess of Receipts Over (Under) Disbursements	<u>(51,841)</u>	<u>(51,841)</u>	<u>3,633</u>	<u>55,474</u>
Net Change in Fund Balance	(51,841)	(51,841)	3,633	55,474
Unencumbered Cash Balance Beginning of Year	<u>87,632</u>	<u>87,632</u>	<u>87,632</u>	
Unencumbered Cash Balance End of Year	<u><u>\$35,791</u></u>	<u><u>\$35,791</u></u>	<u><u>\$91,265</u></u>	<u><u>\$55,474</u></u>

See accompanying notes to the basic financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
FIRE SPECIAL LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$411,042	\$421,553	\$444,342	\$22,789
Charges for Services			289	289
Intergovernmental	58,720	33,511	56,029	22,518
Miscellaneous	11,000	11,000	11,550	550
Total Receipts	<u>480,762</u>	<u>466,064</u>	<u>512,210</u>	<u>46,146</u>
Disbursements				
Current:				
Public Safety	440,500	459,656	448,101	11,555
Public Works	2,500	2,500	2,067	433
Capital Outlay	77,000	103,146	4,049	99,097
Total Disbursements	<u>520,000</u>	<u>565,302</u>	<u>454,217</u>	<u>111,085</u>
Excess of Receipts Over (Under) Disbursements	<u>(39,238)</u>	<u>(99,238)</u>	<u>57,993</u>	<u>157,231</u>
Other Financing Sources (Uses)				
Transfers In		25,096	23,600	(1,496)
Other Financing Sources		2,400	9,777	7,377
Total Other Financing Sources (Uses)		<u>27,496</u>	<u>33,377</u>	<u>5,881</u>
Net Change in Fund Balance	(39,238)	(71,742)	91,370	163,112
Unencumbered Cash Balance Beginning of Year	<u>54,351</u>	<u>54,351</u>	<u>54,351</u>	
Unencumbered Cash Balance End of Year	<u>\$15,113</u>	<u>(\$17,391)</u>	<u>\$145,721</u>	<u>\$163,112</u>

See accompanying notes to the basic financial statements.

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**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

The Miami Township, Greene County, Ohio (the Township), is a body politic and corporate established in 1803 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary Township, and has no component units or other organizations.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire and EMS Services and cemetery maintenance. The Township also provides fire and EMS coverage by means of contracts with Caesarscreek Township, Greene County and Central State University within Miami Township. Police protection is provided by the Greene County Sheriff's Office.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

2. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. Some townships have three categories of funds: governmental, proprietary and fiduciary. The Township only has governmental funds.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township has three major governmental funds: General Fund, Gasoline Tax Fund and Fire Special Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other major funds are as follows:

Gasoline Tax – Receives state gasoline tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Special Levy – Receives property tax money to provide fire protection and emergency services to Township residents.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents.

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 negative receipts (contra revenue), respectively.

During 2007, the Township invested in STAROhio. The interest receipts are recorded monthly.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2007 was \$20,986.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Capital Assets

Acquisitions of equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for each fund, except for the general fund. Of the Township's \$293,985 in restricted net assets, \$0 was restricted by enabling legislation.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting generated no changes to fund balance/equity as previously reported at December 31, 2006. The calculation of net assets of governmental activities at December 31, 2006 is also presented.

	General	Special Revenue	Capital Projects	Gasoline Tax	Fire Special Levy	Other Governmental	Governmental Activities
Fund Balance - December 31, 2006	\$179,317	\$219,043	\$42,590				\$440,950
Transition from regulatory basis:		(219,043)	(42,590)	\$87,632	\$54,351	\$119,650	
Adjusted Fund Balance December 31, 2006	<u>179,317</u>			<u>87,632</u>	<u>54,351</u>	<u>119,650</u>	<u>440,950</u>
Government-Wide Financial Statement Adjustments: Governmental Activities Net Assets December 31, 2006							<u><u>\$440,950</u></u>

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis, by law, is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budgetary Basis presented for the General, Gasoline Tax and Fire Special Levy funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end.

5. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. As of December 31, 2007, the Township had a cash balance of \$2,066 deposited in a savings and checking account.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Township's investment policy only allows the Township to invest in short term certificates of deposit with local area banks and to invest with STAR Ohio.

As of December 31, 2007, the Township had no money invested in certificates of deposit and had \$474,561 invested in STAR Ohio. STAR Ohio balances can be accessed at any time by the Township.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The Township places no limit on the amount it may invest with any one issuer.

Reconciliation of Cash and Investments to the Statement of Net Assets: The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007.

Cash and Investments per footnote

Carrying amounts of deposits	\$2,066
Investments (STAR Ohio Only)	<u>\$474,561</u>
Total	<u>\$476,627</u>

Cash and Investments per Statement of Net Assets

Governmental Activities	<u>\$476,627</u>
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6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.5 percent of true value for capital assets and 12.5 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$6.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Agriculture & Residential	\$ 31,257,420
Commercial/Industrial/Mineral	1,145,340
Public Utility Property	
Personal	1,513,790
Tangible Personal Property	807,040
Total Assessed Value	<u>\$ 34,723,590</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township is self insured for dental insurance. The Township uses Medical Mutual of Ohio for health insurance and the Township participates in a high deductible plan so that monthly insurance costs will be lower than a traditional insurance plan.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

8. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. There are no employees/members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's employer required contributions for pension obligations to the plan for the years ended December 31, 2007 and 2006 were \$17,081 and \$15,952 respectively. The full amount has been contributed for 2007 and 2006. Contributions to the plan for 2007 made by the plan members/employees were \$11,716.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$27,411 for the year ended December 31, 2007 and \$26,993 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

9. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.50 and 5.00 percent annually for the next eight years and 4.00 percent annually after that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12.00 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$6,880. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. As an additional component of HCPP, member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

**MIAMI TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the post employment health care program during 2006 and 6.75 of covered payroll in 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2007 that were used to fund post employment benefits was \$7,702 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 10,563 for firefighters.

10. RELATED PARTY TRANSACTION

On December 11, 2006, the Township contributed \$84,356 from the Capital Projects – Estate Tax Fund to the Tecumseh Land Trust. These funds were used along with other funds provided by Mr. Lamar Spracklen (Miami Township Trustee) and the Federal Government to purchase a conservation easement on 85 acres of Mr. Spracklen's farmland. The landowner is now obligated to keep this land for farm use until the easement is terminated.

Mr. Spracklen abstained from voting on this matter which was passed on May 1, 2006.

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Mary Taylor, CPA

Auditor of State

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

Miami Township
Greene County
225 Corry Street
Yellow Springs, Ohio 45387

To the Township Board of Trustees:

We have audited the financial statements of Miami Township (the Township) as of and for the year ended December 31, 2007, and have issued our report thereon dated December 1, 2008 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 through 2007-003 are also material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated December 1, 2008.

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, 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 instance of noncompliance or other matters we must report under *Government Auditing Standard*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated December 1, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 1, 2008

**MIAMI TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007-001

Material Weakness - Uniform Accounting Network – Revenue Utility Report for the Statement of Activities

Many of the account codes on the Township's "Revenue Utility Report" from the Uniform Accounting Network (UAN) system were not being reported in the proper program or revenue type.

- \$7,968 of General Fund homestead and rollback receipts were reported as General Receipts - Property Taxes, rather than General Receipts - Grants and Entitlements Not Restricted to Specific Programs.
- \$53,797 of Special Revenue Fund homestead and rollback receipts were reported as General Receipts - Property Taxes, rather than Program Cash Receipts – Operating Grants and Contributions. \$48,478 was for Public Safety and \$5,319 was for Public Works.
- \$26,382 of interest receipts were reported as Program Cash Receipts – Other Operating Grants and Contributions. \$20,986 of General Fund interest should have been reported as General Receipts – Earnings on Investments and \$5,396 of Special Revenue Fund interest should have been reported as Program Cash Receipts – Operating Grants and Contributions – Public Works.

The Statement of Activities for 2007 has been adjusted to report the Township's receipts in the proper program and revenue type.

The Township should adopt and implement procedures for the review of the UAN "Revenue Utility Report" to determine if the Township's account codes have been correctly set up in the system and all program and general revenues are being properly reported on the "Statement of Activities".

Officials Response:

The Fiscal Officer recognizes the recommendation of the Audit and will determine if the Township's account codes have been correctly set up.

FINDING NUMBER 2007-002

Material Weakness - Bank to Book Reconciliations

The Township did not reconcile its investment accounts. In some instances, the Township's monthly bank reconciliations did not contain all of the outstanding items, which caused the bank and book balances to not reconcile properly.

The Township did not post any interest during September 2006 (for the month of August) nor did this ever appear as a reconciling item on the monthly bank reconciliation. In addition, a 2006 bank transfer from the Star Ohio Account to the checking account, in the amount of \$14,509, was only posted as \$10,000 in the investment activity report in the system. This created a \$4,509 reconciling item between the bank and the book that was never recorded.

**FINDING NUMBER 2007-002
(Continued)**

The recalculated variances at December 31, 2007 and 2006 indicated bank carrying balances in excess of book balances by \$1,614 for both years. The variance included \$476 in unknown outstanding checks which have been carried over for more than 10 years and unrecorded revenue transaction of \$1,138 that have been carried over from year to year since at least 2004. The unknown outstanding checks should be written off and the unrecorded revenue transactions should be posted to the General fund.

The failure to correctly post all financial activity and properly reconcile the bank to the book could result in incorrect information being presented to the users of the financial statements and did not allow for accurate financial information for decision making.

The monthly reconciliations should include all accounts and investments of the Township and all differences between the book and bank balances should be identified, followed up on, and corrected as deemed necessary. Also, personnel independent of the record keeping process should perform detailed documented reviews of the reconciliations and any discrepancies should be investigated and resolved. Finally, the Trustees should review and approve the monthly reconciliations and bring any questions to the attention of the Fiscal Officer.

Officials Response:

The Fiscal Officer recognizes the recommendation to reconcile the Township's investment account with StarOhio and will do so from here thereon. The interest unrecorded in September of '06 had been posted. The \$476 in unknown revenue transaction and \$1138 in outstanding checks has been corrected. The \$476 was posted to the General Fund and the outstanding checks will be written off and posted to the General Fund.

FINDING NUMBER 2007-003

Material Weakness - Improper Classification of Revenues

The Township did not properly classify public deregulation receipts, permissive tax receipts, homestead/rollback receipts, and refunds of current as well as prior year expenses on its ledgers and annual report which resulted in misclassified revenue in the General Fund and in the Fire Special Levy Fund. In addition, this resulted in overstated revenue and expenditures in the Fire Special Levy Fund on the financial statements. The financial statements have been adjusted to correct the misclassified revenue in the General Fund and in the Fire Special Levy Fund

Incorrect classification of receipts and refunds restricts the Township's ability to make informed decisions due to a lack of comparability of revenue between periods. The Township should develop and implement procedures to provide for accurate reporting of financial activity.

Officials Response:

It was not the intention of the Fiscal Officer to improperly classify revenues. She did contact the County Auditor's office for clarification on how to classify the public deregulation and homestead/rollback receipts. She did what she was told to do and apparently made an error. The Fiscal Officer will develop and implement procedures to eliminate this problem in the future.

FINDING NUMBER 2007-004

Significant Deficiency - Fund Classifications

Governmental accounting requires funds with a trust agreement and principal that cannot be spent to be classified as either a permanent fund or a private purpose trust fund depending on whether the income derived from the principal is to benefit the entity's own operations or to benefit individuals, private organizations, or other governments. If there is a trust agreement and both the principal and income can be spent, the fund should be classified as either a special revenue fund or a private purpose trust depending on whether or not the money is to benefit the entity's own operations or to benefit individuals, private organizations, or other governments. Absent a trust agreement, contributions with a restricted purpose should be classified as a special revenue fund.

The Township classified the Grinnell Cemetery Trust Fund as a private purpose trust fund in 2007. However, a trust agreement could not be located for this fund by the Township. Therefore, this fund should be reported as a special revenue fund.

The accompanying financial statements have been adjusted to correctly classify this fund. In addition, all interest credited to this fund in 2007 was reclassified to the General Fund since all interest earned must be credited to the general fund of the subdivision except in certain situations. The adjustments made to reclassify this activity were as follows:

Other Governmental Fund Beginning Fund Balance	\$2,870
Private Purpose Trust Fund Beginning Fund Balance	(2,870)
General Fund – Earnings on Investments	149
Private Purpose Trust Fund – Earnings on Investments	(149)

Failure to prepare financial statements that correctly classify funds used by the Township could result in incorrect information being presented to the users of the Township's financial statements. The Township Fiscal Officer should review governmental accounting resources such as the Ohio Township Manual, the UAN Manual and Auditor of State Bulletin 2005-005 to further the understating of fund classifications.

Officials Response:

The Grinnell Cemetery Trust Fund has been reclassified as a Special Revenue Fund and monies have been transferred accordingly.

**MIAMI TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Bank to Book Reconciliations – Failure to reconcile investment accounts	No	Not Corrected; reissued as finding number 2007-002
2006-002	Improper Classification of Revenues	No	Not Corrected; reissued as finding number 2007-003
2006-003	Fund Classifications – Grinnell Cemetery trust fund reclassified as a special revenue fund	No	Not Corrected; reissued as finding number 2007-004



Mary Taylor, CPA
Auditor of State

MIAMI TOWNSHIP

GREENE 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
FEBRUARY 24, 2009**