



**Auditor of State
Betty Montgomery**

LOGAN TOWNSHIP
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Logan Township
Auglaize County
8533 National Road
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the accompanying financial statements of Logan Township, Auglaize 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 generally accepted accounting principles.

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 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 April 11, 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.

Logan Township
Auglaize County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board, 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

April 11, 2003

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$17,338	\$22,807		\$40,145
Intergovernmental	34,765	64,307	\$40,680	139,752
Licenses, Permits, and Fees	799	11,840		12,639
Earnings on Investments	1,233	1,928		3,161
Other Revenue		869		869
	<u>54,135</u>	<u>101,751</u>	<u>40,680</u>	<u>196,566</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	44,723			44,723
Public Safety	605	13,507		14,112
Public Works		63,406		63,406
Health	63	7,077		7,140
Capital Outlay	1,697	4,530	40,680	46,907
	<u>47,088</u>	<u>88,520</u>	<u>40,680</u>	<u>176,288</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>7,047</u>	<u>13,231</u>		<u>20,278</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		5,000		5,000
Transfers-Out	(5,000)			(5,000)
Other Sources	271			271
	<u>(4,729)</u>	<u>5,000</u>		<u>271</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,318</u>	<u>18,231</u>		<u>20,549</u>
Fund Cash Balances, January 1	<u>38,329</u>	<u>112,674</u>		<u>151,003</u>
Fund Cash Balances, December 31	<u><u>\$40,647</u></u>	<u><u>\$130,905</u></u>	<u><u>\$0</u></u>	<u><u>\$171,552</u></u>

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$17,592	\$22,872	\$40,464
Intergovernmental	33,409	64,105	97,514
Licenses, Permits, and Fees	2,481	2,668	5,149
Earnings on Investments	2,295	5,174	7,469
Other Revenue		146	146
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	55,777	94,965	150,742
Cash Disbursements:			
Current:			
General Government	42,607		42,607
Public Safety	506	13,302	13,808
Public Works		99,587	99,587
Health	64	5,551	5,615
Capital Outlay		830	830
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	43,177	119,270	162,447
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	12,600	(24,305)	(11,705)
Other Financing Receipts and (Disbursements):			
Transfers-In		4,000	4,000
Transfers-Out	(4,000)		(4,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,000)	4,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	8,600	(20,305)	(11,705)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	29,729	132,979	162,708
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$38,329	\$112,674	\$151,003

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Logan Township, Auglaize 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 the Buckland Fire Department and the Cridersville Volunteer Fire Company to provide fire services and the Cridersville Volunteer Fire Company and the Spencerville Ambulance Service, Inc. 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

The checking account and BankSafe Plus account are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than 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.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund – During 2002, the Township received a grant from the State of Ohio to make capital improvements on Horn and Hunt Roads.

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. The Township does not use the encumbrance method of accounting.

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.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	<u>\$171,552</u>	<u>\$151,003</u>

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

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,589	\$54,406	\$7,817
Special Revenue	94,795	106,751	11,956
Capital Projects	41,635	40,680	(955)
Total	<u>\$183,019</u>	<u>\$201,837</u>	<u>\$18,818</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,918	\$52,088	\$32,830
Special Revenue	207,469	88,520	118,949
Capital Projects	41,635	40,680	955
Total	<u>\$334,022</u>	<u>\$181,288</u>	<u>\$152,734</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,715	\$55,777	\$10,062
Special Revenue	98,440	98,965	525
Total	<u>\$144,155</u>	<u>\$154,742</u>	<u>\$10,587</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,444	\$47,177	\$28,267
Special Revenue	231,419	119,270	112,149
Total	<u>\$306,863</u>	<u>\$166,447</u>	<u>\$140,416</u>

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

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.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

6. RISK MANAGEMENT

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

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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

6. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31 (the latest information available):

Casualty Coverage	2001	2000
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
Property Coverage	2001	2000
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Logan Township
Auglaize County
8533 National Road
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the accompanying financial statements of Logan Township, Auglaize County, (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated April 11, 2002. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40206-001.

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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 11, 2003.

Logan Township
Auglaize 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

April 11, 2003

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-40206-001

Findings Repaid Under Audit

According to Ohio Revised Code Section 505.601, the board of township trustees of any township may procure and pay all or part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees.

If the board of township trustees does not procure an insurance policy or group health care services, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for the insurance policy described in division (A) of section 505.60 of the Revised Code, if all of the following conditions are met: 1) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur 2) the resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee and 3) that resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The Township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

According to Township resolution dated December 29, 1997, the Township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium and costs not to exceed \$2,000 per individual per year.

For 2001, premiums in the amount of \$2,267.13 were paid on behalf of Anthony Lochard, Trustee, which is \$267.13 in excess of the allowed amount, and the amount of \$2,094.43 was paid on behalf of Dennis Krites, Trustee, which is \$94.43 in excess of the allowed amount.

When this was brought to the attention of the trustees, they immediately repaid the Township treasury. The amounts were repaid on April 25, 2003, on receipt numbers 10290 and 10291 and deposited on April 25, and April 28, 2003, respectively.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LOGAN TOWNSHIP

AUGLAIZE 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
MAY 20, 2003**