



**Auditor of State  
Betty Montgomery**



MIAMI TOWNSHIP  
LOGAN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Miami Township  
Logan County  
P.O. Box 268  
Quincy, Ohio 43343

To the Board of Trustees:

We have audited the accompanying financial statements of Miami Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 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 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 August 27, 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.

Miami Township  
Logan County  
Independent Accountants' Report  
Page 2

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

August 27, 2003

**MIAMI TOWNSHIP  
LOGAN 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$15,914	\$24,525		\$40,439
Charges for Services	16,090			16,090
Licenses, Permits, and Fees	2,245	4,482		6,727
Intergovernmental	28,569	58,510	30,282	117,361
Earnings on Investments	10,344	2,606	197	13,147
Miscellaneous Revenue	201	3,600		3,801
Total Cash Receipts	<u>73,363</u>	<u>93,723</u>	<u>30,479</u>	<u>197,565</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	48,724			48,724
Public Safety	20,016			20,016
Public Works		69,871	28,899	98,770
Health		10,160	1,819	11,979
Capital Outlay	17,381	603	24,353	42,337
Loan Principal Payment			223	223
Total Cash Disbursements	<u>86,121</u>	<u>80,634</u>	<u>55,294</u>	<u>222,049</u>
Total Receipts Over/(Under) Disbursements	(12,758)	13,089	(24,815)	(24,484)
Fund Cash Balances, January 1	<u>142,676</u>	<u>72,062</u>	<u>26,295</u>	<u>241,033</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$129,918</u></u>	<u><u>\$85,151</u></u>	<u><u>\$1,480</u></u>	<u><u>\$216,549</u></u>

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

**MIAMI TOWNSHIP  
LOGAN 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$14,155	\$21,362	\$45,878	\$81,395
Charges for Services	27,160			27,160
Licenses, Permits, and Fees	1,840	3,079		4,919
Intergovernmental	28,689	59,063	15,848	103,600
Earnings on Investments	11,105	3,113	2,465	16,683
Miscellaneous Revenue	2,857	600		3,457
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	85,806	87,217	64,191	237,214
<b>Cash Disbursements:</b>				
Current:				
General Government	50,813		1,052	51,865
Public Safety	23,024			23,024
Public Works		62,429	10,715	73,144
Health		10,809		10,809
Capital Outlay	14,206	38,297	66,834	119,337
Loan Principal Payment			24,256	24,256
Loan Interest Payment			320	320
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	88,043	111,535	103,177	302,755
Total Receipts (Under) Disbursements	(2,237)	(24,318)	(38,986)	(65,541)
<b>Other Financing Receipts</b>				
Sale of Fixed Assets	3,554	11,500		15,054
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	1,317	(12,818)	(38,986)	(50,487)
Fund Cash Balances, January 1	141,359	84,880	65,281	291,520
<b>Fund Cash Balances, December 31</b>	<u>\$142,676</u>	<u>\$72,062</u>	<u>\$26,295</u>	<u>\$241,033</u>

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



**MIAMI TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Miami Township, Logan 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 general governmental services, including road and bridge maintenance, cemetery maintenance, emergency medical services, and fire protection.

The Township contracts with Riverside Emergency Medical to provide emergency medical services for the East side of the Township. The Township contracts with the Village of DeGraff to provide fire protection for the East side of the Township.

The Township has a joint operating agreement with the Village of Quincy in that the Township supplies all the ambulance and fire equipment and the Village supplies the ambulance building, ambulance chief, fire department building, fire department chief, and the Village also pays a share of all expenses for the ambulance and fire departments.

The Township has a joint agreement with the Village of Quincy and the Logan County Engineer for the joint purchase of land and construction of salt bins. The Township was obligated for one-third of the bills for the purchase of the land and construction costs. The salt bins are jointly shared by the three entities for usage during the winter months and all three entities are responsible for maintenance and repair.

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**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**MIAMI TOWNSHIP  
LOGAN 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 from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Road and Bridge Fund** - This fund receives tax money to pay for constructing, maintaining and repairing Township roads and bridges.

**Gasoline Tax Fund** – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

**3. Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

**Ohio Public Work Commission** – This fund received a grant from the State of Ohio for Township road maintenance.

**Permanent Improvement** - This fund received tax levy money to pay for a new fire truck.

**County Sales Tax** – The Township receives sales tax money from the Logan County Commissioners for Township road maintenance. As of December 31, 2002, the Township carried over \$11,946 of their county sales tax revenue.

**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. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**MIAMI TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments 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	\$54,999	\$59,033
Certificates of Deposit	161,550	182,000
Total Deposits	\$216,549	\$241,033

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

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

**2002 Budgeted vs. Actual Receipts**

	Budgeted Receipts	Actual Receipts	Variance
General	\$70,000	\$73,363	\$3,363
Special Revenue	89,700	93,723	4,023
Capital Projects	28,999	30,479	1,480
Total	\$188,699	\$197,565	\$8,866

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

	Appropriation Authority	Budgetary Expenditure	Variance
General	\$223,688	\$86,121	\$137,567
Special Revenue	150,047	80,634	69,413
Capital Projects	55,294	55,294	0
Total	\$429,029	\$222,049	\$206,980

**MIAMI TOWNSHIP  
LOGAN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

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

<b>2001 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$65,000	\$89,360	\$24,360
Special Revenue	83,700	98,717	15,017
Capital Projects	64,715	64,191	(524)
Total	\$213,415	\$252,268	\$38,853

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$206,073	\$88,043	\$118,030
Special Revenue	168,452	111,535	56,917
Capital Project	129,996	103,177	26,819
Total	\$504,521	\$302,755	\$201,766

The Township recorded restricted revenue in the wrong fund which violated the requirements of Ohio Rev. Code Section 5705.10.

**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 January 20. The second half payment is due the following July 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.

**MIAMI TOWNSHIP  
LOGAN COUNTY**

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

**5. RETIREMENT SYSTEMS**

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

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township has coverage for the following risks:

- Commercial property coverage
- Commercial general liability coverage
- Employee benefits liability policy
- Commercial auto coverage
- Commercial Inland Marine Coverage

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**Auditor of State  
Betty Montgomery**

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

Miami Township  
Logan County  
P.O. Box 268  
Quincy, Ohio 43343

To the Board of Trustees:

We have audited the financial statements of Miami Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-003.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-004 and 2002-005.

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

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above as items 2002-004 and 2002-005 are material weaknesses. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 27, 2003.

This report is intended solely for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 27, 2003



MIAMI TOWNSHIP  
LOGAN 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 2002-001

**Noncompliance**

**Ohio Rev. Code Section 5575.01** states that in the maintenance and repair of roads, when the amount exceeds fifteen thousand dollars, the board of township trustees must award the contract by competitive bidding.

During 2002, the Township did not bid the work performed on Township Road 3, which was in the amount of \$42,429.

The Township should implement review procedures to help identify projects that are required to be bid.

FINDING NUMBER 2002-002

**Noncompliance**

**Ohio Rev. Code Section 5705.10** states that all revenue derived from a source other than general property tax, and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.

During 2001, the Township sold a tractor and recorded the proceeds in the General Fund, however the tractor had originally been purchased from the Special Revenue Road and Bridge Fund.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following net effect upon the respective fund type balances:

FUND	General Fund	Special Revenue Road and Bridge Fund
<b>CHANGE IN FUND BALANCE</b>	(\$11,500)	\$11,500

The Township should implement procedures to help assure that the proceeds from the sale of assets are recorded in the fund that initially purchased the asset.

### FINDING NUMBER 2002-003

#### Noncompliance

**Ohio Rev. Code Section 5705.41 (D)** states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for townships may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Seventy percent of the transactions during 2002 and sixty-eight percent of the transactions during 2001 were not certified by the Clerk prior to making orders for the expenditure of Township funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of Township funds.

### FINDING NUMBER 2002-004

#### Reportable Condition

##### Accountability over Expenditures

To help assure accountability over the expenditure of money, an entity should disburse money directly to the vendor providing the goods or services. The Logan County Commissioners provide the Township with emergency medical services money based on a per capita figure. The money is to be used to provide ambulance services to the residents of the Township, either through a contract basis with another entity, or through the ambulance department owned by the Township.

During 2002 and 2001, the Township distributed this money to the volunteer ambulance group that raises money to benefit Township ambulance services. During 2002, the amount distributed was \$3,143 and during 2001, the amount distributed was \$2,774. In addition, during 2001 the Township also distributed \$1,540 in State Grant Money and \$177 of Township money to this volunteer ambulance group. After distributing this money, the Township did not monitor the expenditures associated with this money to insure that it was used to benefit Township ambulance services, or that the restrictions of the State Grant were met. The Treasurer for the volunteer ambulance group is also the Township Clerk. This practice could result in the loss and/or misuse of Local and/or State money.

The Township should implement monitoring procedures to help assure that Local and State money received by the Township for the benefit of emergency medical services is maintained on the books of the Township and is only directly disbursed to an appropriate vendor.

**FINDING NUMBER 2002-005**

**Monitoring of Financial Activity**

To assist in the management of financial resources, a governing body should periodically review and approve budget versus actual reports. In addition, to help assure accuracy of the budget versus actual reports, the governing body should periodically perform an in-depth review of the reports to help assure that revenues and expenditures are classified according to standardized reporting requirements of the entity. The Trustees did not review financial reports during 2002 and 2001.

The lack of a periodic review of budget versus actual information could result in financial objectives not being achieved and/or the violation of budgetary laws. In addition, the failure to review financial reports to identify recording errors, may result in the material misstatement of the financial statements due to fund and/or line item classification errors.

The Trustees should review and approve monthly budget versus actual reports, and periodically perform a detailed review of recorded revenues and expenditures.





**Auditor of State  
Betty Montgomery**

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**MIAMI TOWNSHIP**

**LOGAN 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  
OCTOBER 2, 2003**