



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Miami Township (the Township) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. 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 provide attest services to the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the Township's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.
5. We selected all outstanding checks from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit to the subsequent January bank statement. We noted check# 8474 was not properly voided and the replacement check was not put into the system to show on the Outstanding Check list properly.

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Cash and Investments

- b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested interbank account transfers occurring in December of 2010 and 2009 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We found the Township has a 13 month CD that exceeds the 12 month limit per Ohio Rev. Code Section 135.13.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. We found no exceptions.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receipts

We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.

3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and all from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. We noted that the 2010 EMS grant listed in the DTL was not recorded on the books for \$6,632. The money is administered by the Quincy-Miami Township Fire Department. Therefore, while the grant was not posted to a separate fund as required by Ohio Rev. Code 5705.09(F), we found no evidence it was misspent, and there was no effect on December 31, 2010 fund balances.
 - b. We determined whether these receipts were allocated to the proper fund(s). We noted that the EMS Grant described in step a. was not recorded in a separate fund. Additionally, the Township posted \$456 of homestead and rollback revenues into the Permanent Improvement Fund instead of the General Fund in 2009. Accordingly, a Finding for Adjustment is hereby issued in the following funds.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

<u>2009</u>	<u>Increase Cash Balance</u>	<u>Decrease Cash Balance</u>
Permanent Improvement Fund		\$456
Cemetery Fund	\$456	

The Township adjusted their books for this exception.

- c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the County DTL to the Township during 2010 and 2009.
 - a. We compared the amount from the County DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. The FEMA grant and related expenditures were posted to the general fund and should have been posted to a separate fund. However, because the money was received and disbursed in the same year, there is no effect on fund cash balances as of year end.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit report, we noted the following loans outstanding as of December 31, 2008. This amount agreed to the Townships January 1, 2009 balance on the summary we used in step 3.

<u>ISSUE</u>	<u>Principal Outstanding as of December 31, 2008</u>
Tanker Promissory Note	\$91,680

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. [All debt noted agreed to the invoices used in step 3.]
3. We obtained invoices of debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule(s) to debt service fund payments reported in the Payment Register Detail Report. Debt is paid off of invoices from their bank. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

Payroll Cash Disbursements (Continued)

We found no exceptions related to steps a. – f. above, except that the retirement system enrollment form was not included in the file of two employees. The Township should retain this documentation.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

<u>Withholding</u>	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Withheld</u>	<u>Amount Paid</u>
Federal income taxes	January 31, 2011	January 28, 2011	\$1,556.44	\$1,556.44
State income taxes	January 15, 2011	January 28, 2011	427.56	427.56
Local income tax	January 31, 2011	January 28, 2011	205.07	205.07
OPERS retirement (withholding plus employer share)	January 30, 2011	January 27, 2011	1,031.18	1031.18

4. For the pay periods ended March 15, 2010 and August 29, 2009, we compared documentation and the re-computation supporting the allocation of Board salaries to the General and Road Funds. We found no exceptions.
5. For the pay periods described on the preceding step, we traced Board Time or services performed to time of activity sheets.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. For the payment noted in step d, there was no original invoice to the support the payment.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We noted a payment for \$2,643 for Emergency Medical Services that was not properly certified. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of the commitment, which should be on or before the invoice date, unless a Then and Now Certificate is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Road and Bridge, and Cemetery funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Road and Bridge, and Cemetery funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General, Road and Bridge, and Gas Tax funds. The amounts on the appropriation resolution agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Road and Bridge, and Gas Tax funds for the years ended December 31, 2010 and 2009. We noted no exceptions.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General, Road and Bridge and Cemetery fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Township received new restricted receipts. The Township received a FEMA grant for \$67,421 that was included in the General Fund. It should be included in a separate fund. The grant balance was zero at the end of 2010. Therefore, while the grant was not posted to a separate fund as required by Ohio Rev. Code 5705.09(F). There was no effect on December 31, 2010 fund balances. Additionally as described in Other Confirmable Receipts Step 3.a above, the township received a "Trauma and Emergency Medical Services Grant for 6,632 in 2010 which was not recorded on the books and should be included in a separate fund also.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
 - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)

Compliance – Contracts & Expenditures (Continued)

- b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Rev. Code Section 511.12)
- c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Rev. Code Sections 505.37 to 505.42)
- d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Rev. Code Section 515.07)
- e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Rev. Code Section 505.264)
- f. Private sewage collection tile costs exceeding \$25,000 (Ohio Rev. Code Sections 521.02 to 521.05)
- g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Rev. Code Section 505.37(A))
- h. Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
- i. Construction or reconstruction of a township road exceeding \$15,000/ mile (Ohio Rev. Code Section 5575.01)

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000 - \$45,000) or to construct or reconstruct township roads (cost of project \$5,000 - \$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Officials' Response:

Cash and Investments - 5a

Until now I have never had to rewrite a check, so I just replaced it. Since then I have had reason to reissue a check to OPERS that was lost in the mail and I know now how to do it on the computer.

Cash and Investments - 7b

This CD was purchased years ago before my time and has rolled over ever since. We have not changed it because the interest rate is higher for 13 months over 12 months. This \$50,000 is reserve funds that are never used.

Property Taxes, Intergovernmental And Other Confirmable Cash Receipts – 3b

It looks like I simply clicked the wrong account box on the drop down menu. Therefore I agree that \$456.31 should be transferred from 4301 to 2041.

Payroll Cash Disbursements - 1f

They have been members for many, many years and the enrollment forms are somewhere in an old file.

Non-Payroll Cash Disbursements - 1d

There is no invoice since this a reoccurring expense transferring a portion of the county ambulance money to them. The percentage was agreed to 10 years ago when the 2000 census came out.

Compliance – Budgetary – 6

In the future, a special fund will be established for the EMS/Fire grants, and money will be advanced from the general fund until the grant reimbursement proceeds are obtained, at which time the general fund will be reimbursed.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

June 7, 2011

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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
JULY 26, 2011