



**Auditor of State
Betty Montgomery**

MIAMI TOWNSHIP
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Board of Trustees:

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

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 25, 2005

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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, 2004 and 2003. 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 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 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 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 opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2005, 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.



Betty Montgomery
Auditor of State

August 25, 2005

**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, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$14,995	\$24,563		\$39,558
Intergovernmental	33,976	76,925	45,587	156,488
Charges for Services	17,681			17,681
Licenses, Permits, and Fees	360	4,114		4,474
Earnings on Investments	2,041	1,079		3,120
Other Revenue	74	2,400		2,474
	<u>69,127</u>	<u>109,081</u>	<u>45,587</u>	<u>223,795</u>
Total Cash Receipts				
	<u>69,127</u>	<u>109,081</u>	<u>45,587</u>	<u>223,795</u>
Cash Disbursements:				
Current:				
General Government	52,645			52,645
Public Safety	20,453			20,453
Public Works		101,243		101,243
Health		11,611		11,611
Capital Outlay	10,692	12,870	44,205	67,767
	<u>83,790</u>	<u>125,724</u>	<u>44,205</u>	<u>253,719</u>
Total Cash Disbursements				
	<u>83,790</u>	<u>125,724</u>	<u>44,205</u>	<u>253,719</u>
Total Receipts Over/(Under) Disbursements	(14,663)	(16,643)	1,382	(29,924)
Other Financing Receipts:				
Sale of Fixed Assets		720		720
		<u>720</u>		<u>720</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(14,663)	(15,923)	1,382	(29,204)
Fund Cash Balances, January 1	102,101	123,963	1,378	227,442
	<u>\$87,438</u>	<u>\$108,040</u>	<u>\$2,760</u>	<u>\$198,238</u>
Fund Cash Balances, December 31				
	<u>\$87,438</u>	<u>\$108,040</u>	<u>\$2,760</u>	<u>\$198,238</u>
Reserve for Encumbrances, December 31	\$442	\$288		\$730
	<u>\$442</u>	<u>\$288</u>		<u>\$730</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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$14,756	\$24,241		\$38,997
Intergovernmental	13,188	64,200	25,724	103,112
Charges for Services	20,625			20,625
Licenses, Permits, and Fees	975	4,899		5,874
Earnings on Investments	5,993	1,793		7,786
Other Revenue	831	5,512		6,343
	<u>56,368</u>	<u>100,645</u>	<u>25,724</u>	<u>182,737</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	53,616			53,616
Public Safety	20,940			20,940
Public Works		47,751		47,751
Health		10,118		10,118
Capital Outlay	9,629	3,964	25,826	39,419
	<u>84,185</u>	<u>61,833</u>	<u>25,826</u>	<u>171,844</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(27,817)	38,812	(102)	10,893
Fund Cash Balances, January 1	129,918	85,151	1,480	216,549
Fund Cash Balances, December 31	<u>\$102,101</u>	<u>\$123,963</u>	<u>\$1,378</u>	<u>\$227,442</u>
Reserve for Encumbrances, December 31	<u>\$488</u>	<u>\$288</u>		<u>\$776</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, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Miami Township, Logan County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. 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 Township pays 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 construction of salt bins on land owned by Logan County. The Township was obligated for one-third of the bills for the 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 Village of DeGraff purchased interest in 2004, so it is now a four-way ownership with all four entities being responsible for maintenance and repairs.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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:

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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 property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

County Sales Tax – The Township receives sales tax money from the Logan County Commissioners for Township road maintenance.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$6,738	\$10,072
Certificates of deposit	191,500	217,370
Total deposits	\$198,238	\$227,442

Deposits: Deposits are 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, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,000	\$69,127	\$10,127
Special Revenue	95,600	109,801	14,201
Capital Projects	45,583	45,587	4
Total	\$200,183	\$224,515	\$24,332

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,101	\$84,232	\$76,869
Special Revenue	219,562	126,012	93,550
Capital Projects	46,961	44,205	2,756
Total	\$427,624	\$254,449	\$173,175

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,000	\$56,368	(\$3,632)
Special Revenue	91,600	100,645	9,045
Capital Projects	24,346	25,724	1,378
Total	<u>\$175,946</u>	<u>\$182,737</u>	<u>\$6,791</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$201,418	\$84,673	\$116,745
Special Revenue	165,251	62,121	103,130
Capital Projects	25,827	25,826	1
Total	<u>\$392,496</u>	<u>\$172,620</u>	<u>\$219,876</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

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
- Employers Liability Insurance policy
- Terrorism Insurance coverage

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Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the financial statements of the Miami Township, Logan County, (the "Township"), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 25, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated August 25, 2005, we reported an other matter related to noncompliance we deemed immaterial.

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Miami Township
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Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees and is not intended for 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 25, 2005

**MIAMI TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	ORC Sec. 5575.01 – Township did not follow competitive bidding requirements for a road project	Yes	
2002-002	ORC Sec. 5705.10 – Some restricted revenues were recorded in the wrong fund	Yes	
2002-003	ORC Sec. 5705.41(D) – Some expenditures were not certified prior to obligation	Yes	
2002-004	The Township did not have control over money disbursed to the volunteer ambulance group	Yes	
2002-005	The Trustees were not reviewing budget versus actual revenue and expenditure activity	Yes	



**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 6, 2005**