

**MIAMI TOWNSHIP
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



GUEYE & ASSOCIATES, CPA, INC.

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Miami Township
515 S. Carlisle Street
Quincy, Ohio 43343

We have reviewed the *Independent Auditor's Report* of Miami Township, Logan County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2021 to December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Miami Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 22, 2023

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**MIAMI TOWNSHIP
LOGAN COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Miami Township
Logan County
515 S. Carlisle St.
Quincy, OH 43343

To the Board of Trustees:

Report on the Audit of the Financial Statements

Qualified and Adverse Opinions

We have audited the financial statements of the Miami Township, Logan County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022, and December 31, 2021, and the related notes to the financial statements.

Qualified Opinion on the Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022, and December 31, 2021, and the related notes of Miami Township, Logan County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022, and December 31, 2021, or the changes in financial position for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Licenses, Permits and Fees are reported at \$7,001, and \$13,463 for the years ended December 31, 2022, and 2021, respectively, which are 3.28 percent of the Special Revenue Funds Type receipts for the year ended December 31, 2022, and 5.06 percent of the Special Revenues Funds Type receipts for the year ended December 31, 2021. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as licenses, permits and fees in the Special Revenue Funds Type. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Columbus, Ohio
August 31, 2023

MIAMI TOWNSHIP, IOGAN COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended 12/31/2022

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 50,047	\$ 17,190	\$ 67,237
Charges for Services	18,902	-	18,902
Licenses, Permits and Fees	505	7,001	7,506
Intergovernmental	23,285	186,383	209,668
Earnings on Investments	465	2,413	2,878
Miscellaneous	1,622	315	1,937
	<u>94,826</u>	<u>213,302</u>	<u>308,128</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	60,906	26,310	87,216
Public Safety	43,915	10,006	53,921
Public Works	-	42,508	42,508
Health	-	25,391	25,391
Capital Outlay	-	3,249	3,249
<i>Total Cash Disbursements</i>	<u>104,821</u>	<u>107,464</u>	<u>212,285</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,995)</u>	<u>105,838</u>	<u>95,843</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	30,535	30,535
Transfers Out	-	(30,535)	(30,535)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(9,995)	105,838	95,843
<i>Fund Cash Balances, January 1</i>	<u>96,802</u>	<u>824,644</u>	<u>921,446</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 86,807</u>	<u>\$ 930,482</u>	<u>\$ 1,017,289</u>

See the notes to the Financial Statements

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of DeGraff to provide fire services to the east end of the Township. The Township appropriates general fund money to support a volunteer fire department and rescue squad.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools, and Related Organizations

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 9 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Cemetery Fund The cemetery fund accounts for and reports income earned on the cemetery. The funds are used for the general maintenance and upkeep of the Township's cemeteries.

Gas Tax Fund - The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees are restricted for maintenance and repair of roads within the Township.

American Rescue Plan Act Fund - This fund was created in 2021 for a place to keep the townships share of monies received from the American rescue plan act which was signed in to law on March 11, 2021.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriation - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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 2022 budgetary activity appears in Note 3.

Deposits 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Committed - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,500	\$94,826	(\$29,674)
Special Revenue	300,605	243,837	(56,768)
Total	\$425,105	\$338,663	(\$86,442)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,748	\$104,821	\$115,927
Special Revenue	1,090,744	137,999	952,745
Total	\$1,311,492	\$242,820	\$1,068,672

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A carrying amount of deposits and investments as of December 31st were as follows:

	2022
Cash Management Pool:	
Demand deposits	\$514,921
Certificates of deposit	502,368
Total deposits	1,017,289
<i>Total carrying amount of deposits and investments held in the Pool</i>	<i>\$1,017,289</i>

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding 0.00 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Five (5) Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Social Security

One (1) Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Jointly Governed Organizations

The Township has a joint agreement with the Village of Quincy in which the Township supplies all the EMS and Fire equipment, and the village supplies the ambulance and fire department building. Both the Township and the Village of Quincy jointly agree upon appointing and unappointing Fire and EMS Chief/personnel. The Township pays all expenses for the ambulance and fire departments.

The Township participates in a joint operating agreement with the Village of Quincy, the Village of DeGraff, and the Logan County Engineer for the maintenance and repair of salt bins on land owned by the Village of Quincy. The salt bins are jointly shared by the four entities for usage during the winter months. The bins were initially constructed by the Township, Village of Quincy, and the Logan County Engineer.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

MIAMI TOWNSHIP, LOGAN COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended 12/31/2021

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 48,863	\$ 16,764	\$ 65,627
Charges for Services	6,439	-	6,439
Licenses, Permits and Fees	305	13,463	13,768
Intergovernmental	21,397	227,477	248,874
Earnings on Investments	485	1,716	2,201
Miscellaneous	4,098	6,150	10,248
	<u>81,587</u>	<u>265,570</u>	<u>347,157</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	51,972	34,128	86,100
Public Safety	30,299	-	30,299
Public Works	-	71,424	71,424
Health	-	20,006	20,006
Capital Outlay	-	50,458	50,458
<i>Total Cash Disbursements</i>	<u>82,271</u>	<u>176,016</u>	<u>258,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(684)	89,554	88,870
<i>Net Change in Fund Cash Balances</i>	<u>(684)</u>	<u>89,554</u>	<u>88,870</u>
<i>Fund Cash Balances, January 1</i>	<u>97,486</u>	<u>735,090</u>	<u>832,576</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 96,802</u>	<u>\$ 824,644</u>	<u>\$ 921,446</u>

See the accompanying notes to the Financial Statements

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of DeGraff to provide fire services to the east end of the Township. The Township appropriates general fund money to support a volunteer fire department and rescue squad.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 9 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - Road and Bridge Fund This fund accounts for and reports a portion of the Counties real estate tax and is restricted for the maintenance and repair of the roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports income earned on the cemetery. The funds are used for the general maintenance and upkeep of the Township's cemeteries.

Gas Tax Fund - The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees are restricted for maintenance and repair of roads within the Township.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriation - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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 2021 budgetary activity appears in Note 3.

Deposits 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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Committed - Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,500	\$81,587	(\$36,913)
Special Revenue	237,658	265,570	27,912
Total	\$356,158	\$347,157	(\$9,001)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,986	\$82,826	\$133,160
Special Revenue	972,731	176,365	796,366
Total	\$1,188,717	\$259,191	\$929,526

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A carrying amount of deposits and investments as of December 31st were as follows:

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$59,321
Certificates of deposit	862,126
Total deposits	<u>921,446</u>
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$921,446</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding 0.00 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions.

The financial statements include these credits and/or deduction 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.

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

Note 6 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Five (5) Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Five (5) Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

One (1) Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Miami Township
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Jointly Governed Organizations

The Township has a joint agreement with the Village of Quincy in which the Township supplies all the EMS and Fire equipment, and the village supplies the ambulance and fire department building. Both the Township and the Village of Quincy jointly agree upon appointing and unappointing Fire and EMS chief/personnel. The Township pays all expenses for the ambulance and fire departments.

The Township participates in a joint operating agreement with the Village of Quincy, the Village of DeGraff, and the Logan County Engineer for the maintenance and repair of salt bins on land owned by the Village of Quincy. The salt bins are jointly shared by the four entities for usage during the winter months. The bins were initially constructed by the Township, Village of Quincy, and the Logan County Engineer

Note 10 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 555	\$ 349	\$ 904
Total	\$ 555	\$ 349	\$ 904

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.



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

Miami Township
Logan County
515 S. Carlisle St.
Quincy, OH 43343

To the Township Board of Trustees:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Miami Township, Logan County (the Township) and have issued our report thereon dated August 31, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit, and qualified our opinion on the special revenue fund type's licenses, fees and permits.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2022-001 and No. 2022-003 that we consider to be material weaknesses.

Miami Township
Logan County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2022-002 and 2022-003.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Columbus, Ohio
August 31, 2023

MIAMI TOWNSHIP
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Material Weakness – Financial Statement Accuracy

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & .A16.

The following errors were identified in the December 31, 2021 financial statements:

- A total of \$4,451 in intergovernmental revenues for the General, Road and Bridge and the Cemetery Funds were recorded as miscellaneous revenues in the General Fund.
- Insurance payments of \$13,409 were recorded as other financing uses in the cemetery fund.
- A total of \$4,034 in Cemetery Fund's license, fees and permits were recorded as miscellaneous revenues in the General and Cemetery funds.

The following errors were identified in the December 31, 2022 financial statements:

- A total of \$1,900 in Cemetery Fund's license, fees and permits were recorded as miscellaneous revenues.

The lack of transaction and monitoring controls over the recording of financial activity and preparing the annual financial statements may have contributed to the errors identified above. The accompanying financial statements and where necessary the accounting records have been adjusted to correct these errors.

The failure to correctly classify financial activity in the accounting records and financial statements may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Trustees. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

To help ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt controls and/or procedures to identify and correct errors and omissions. Resources such as the Ohio Township Handbook, the Uniform Accounting Network (UAN) Manual, and the Township financial statement and note shells on the Auditor of State website can be utilized when recording transactions and preparing the annual financial statements. Additionally, Council or a sub-committee such as an audit or finance committee should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities. Prior to filing, a secondary review of the financial statements and notes to the financial statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

Officials' Response:

The errors listed have been corrected. The Township will try to adopt controls/procedures to help identify and correct errors/omissions.

MIAMI TOWNSHIP
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002

Noncompliance Citation - Public Records Retention

Ohio Rev. Code § 149.43(B)(2) requires “a public office to have available a copy of its current records retention schedule at a location readily available to the public.”

The Township did not adopt a records retention schedule. The lack of such a schedule/policy may result in the improper destruction of records or misunderstandings with the public or amongst Officials when it comes to requests for records.

The Township should adopt a records retention schedule and a public records policy as required by the Code.

Official's Response:

The Township is actively working on adopting a records retention schedule to be in compliance with the State's requirements.

FINDING NUMBER 2022-003

Noncompliance Citation / Material Weakness - Cemetery Receipt Controls

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. When designing the Township's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & .A16.

We could not assess the completeness or accuracy of the cemetery receipts recorded in the cemetery fund.

The lack of compensating controls may contribute to misappropriation of Township's assets.

The Township should ensure adequate controls are implemented in regard to cash collection points, including the cemetery receipts.

Officials' Response:

The Township is actively implementing controls on cash collection points, especially in regard to the Cemetery funds. A Cemetery Handbook has been created and it explains the Cemetery procedures, including how funds are transferred from the Trustees to the Fiscal Officer. Also the job duties at the Cemetery are now being divided between the Trustees and self-contractors.

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OHIO AUDITOR OF STATE KEITH FABER



MIAMI TOWNSHIP

LOGAN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/5/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov