



Dave Yost • Auditor of State

MIAMI TOWNSHIP
LOGAN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Miami Township, Logan County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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* paragraph, the financial statements referred to above 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, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Miami Township, Logan County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 Miami Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2013 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 10, 2013

**MIAMI TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
(CASH BASIS)**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$37,624	\$12,660		\$50,284
Charges for Services	16,076			16,076
Licenses, Permits and Fees	170	1,900		2,070
Intergovernmental	39,510	98,143	\$24,456	162,109
Earnings on Investments	329	1,257		1,586
Miscellaneous	896	400		1,296
Total Cash Receipts	<u>94,605</u>	<u>114,360</u>	<u>24,456</u>	<u>233,421</u>
Cash Disbursements:				
Current:				
General Government	43,675	15,592		59,267
Public Safety	16,470	1,287		17,757
Public Works		78,087		78,087
Health		14,253		14,253
Capital Outlay	1,996	1,109	24,456	27,561
Debt Service:				
Principal Retirement	19,142			19,142
Interest and Fiscal Charges	1,841			1,841
Total Cash Disbursements	<u>83,124</u>	<u>110,328</u>	<u>24,456</u>	<u>217,908</u>
Total Receipts Over/(Under) Disbursements	11,481	4,032		15,513
Fund Cash Balance, January 1	<u>31,476</u>	<u>391,261</u>	<u>2,578</u>	<u>425,315</u>
Fund Cash Balance, December 31:				
Restricted		395,293	2,578	397,871
Assigned	37,438			37,438
Unassigned (Deficit)	5,519			5,519
Fund Cash Balance, December 31	<u>\$42,957</u>	<u>\$395,293</u>	<u>\$2,578</u>	<u>\$440,828</u>

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

**MIAMI TOWNSHIP
LOGAN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
(CASH BASIS)**

**ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$36,865	\$12,352		\$49,217
Charges for Services	14,931			14,931
Licenses, Permits and Fees	85	3,580		3,665
Intergovernmental	20,272	104,078	\$5,066	129,416
Earnings on Investments	412	1,398		1,810
Miscellaneous	5,572	1,600		7,172
Total Cash Receipts	<u>78,137</u>	<u>123,008</u>	<u>5,066</u>	<u>206,211</u>
Cash Disbursements:				
Current:				
General Government	42,805	17,872	18	60,695
Public Safety	17,338	15,366		32,704
Public Works		16,359		16,359
Health		14,832		14,832
Capital Outlay	9,432	200	4,519	14,151
Debt Service:				
Principal Retirement	18,285			18,285
Interest and Fiscal Charges	2,698			2,698
Total Cash Disbursements	<u>90,558</u>	<u>64,629</u>	<u>4,537</u>	<u>159,724</u>
Total Receipts Over/(Under) Disbursements	(12,421)	58,379	529	46,487
Fund Cash Balance, January 1	<u>43,897</u>	<u>332,882</u>	<u>2,049</u>	<u>378,828</u>
Fund Cash Balance, December 31:				
Restricted		391,261	2,578	393,839
Assigned	30,751			30,751
Unassigned (Deficit)	725			725
Fund Cash Balance, December 31	<u>\$31,476</u>	<u>\$391,261</u>	<u>\$2,578</u>	<u>\$425,315</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, 2012 AND 2011**

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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of DeGraff to provide fire protection for the east side of the Township.

The Township participates in two jointly governed organizations. Note 8 to the financial statements further describes these joint operating agreements.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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. 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.

The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Sales Tax - The Township accounts for the memo receipts and expenditures for Logan County sales tax money spent on behalf of the Township for constructing, maintaining, and repairing Township roads.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. 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:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. 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.

G. 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 DEPOSITS AND INVESTMENTS

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

	<u>2012</u>	<u>2011</u>
Demand deposits	\$174,252	\$159,630
Certificates of deposit	266,576	265,685
Total deposits	<u>\$440,828</u>	<u>\$425,315</u>

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

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 70,650	\$ 94,605	\$23,955
Special Revenue	116,300	114,360	(1,940)
Capital Projects	24,456	24,456	
Total	\$211,406	\$233,421	\$22,015

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,401	\$ 83,124	\$ 18,277
Special Revenue	506,626	110,328	396,298
Capital Projects	3,078	24,456	(21,378)
Total	\$611,105	\$217,908	\$393,197

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,300	\$ 78,137	\$5,837
Special Revenue	115,700	123,008	7,308
Capital Projects	10,519	5,066	(5,453)
Total	\$198,519	\$206,211	\$7,692

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,427	\$ 90,558	\$ 24,869
Special Revenue	447,515	64,629	382,886
Capital Projects	3,505	4,537	(1,032)
Total	\$566,447	\$159,724	\$406,723

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$21,378 for the year ended December 31, 2012 and by \$1,032 in the Capital Projects fund for the year ended December 31, 2011.

4. PROPERTY TAX

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 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.

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. PROPERTY TAX (Continued)

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. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	<u>\$20,105</u>	4.69%

The Township issued a promissory note on June 25, 2006, for the purchase of a new 2000 gallon Rosenbauer Tanker for the fire department. The note is for seven years with an interest rate of 4.69 percent.

Amortization of the above debt, including interest, is scheduled as follows:

	<u>2000 gallon Rosenbauer Tanker</u>
Year ending December 31: 2013	<u>\$20,983</u>

6. RETIREMENT SYSTEMS

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 plans' benefits, which includes postretirement healthcare and survivor and disability benefits.

For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**MIAMI TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. JOINT VENTURES

The Township has a joint operating agreement with the Village of Quincy in which 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 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 Logan County. 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. The Township was obligated for one-third of the bills for the construction costs.



Dave Yost • Auditor of State

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
P.O. Box 268
Quincy, Ohio 43343

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Miami Township, Logan County, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the Township adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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, We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2012-001 and 2012-002.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

July 10, 2013

**MIAMI TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-01

Noncompliance Citation and Material Weakness

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

The Township posted \$7,104 and \$1,287 in grant revenues to the General Fund rather than the Fire and EMS fund in 2011 and 2012 respectively. Additionally, the expenditures associated with the grant were posted in the incorrect fund. The errors have been adjusted on the financial statements; however, since fund balances were not impacted, the Township did not have to adjust its accounting records.

The Township also failed to post \$3,262 in grant funds and expenditures to the accounting records for the Fire and EMS fund in 2011. The error has been adjusted on the financial statements; however since the fund balances were not impacted, the Township did not have to adjust its accounting records.

In addition, the Township posted debt payments as capital outlay expenditures rather than principal and interest expenditures. This resulted in adjustments of \$20,983 in both 2011 and 2012 to correctly state debt service expenditures as reflected on the financial statements.

Furthermore, Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The Township did not include the excess of appropriations and estimated receipts as assigned fund balance in the General Fund. This resulted in adjustments of \$37,438 and \$30,751 for 2011 and 2012 respectively from unassigned to assigned fund balance as reflected on the financial statements.

The reclassifications and adjustments identified during the audit should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Township Trustees should review the financial statements to identify and correct errors and omissions.

FINDING NUMBER 2012-02

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter

The Township's Capital Projects Fund had budgetary expenditures which exceeded appropriation authority by \$21,378 and \$1,032 in 2012 and 2011, respectively.

Additionally, **Ohio Rev. Code Section 5705.40** states any appropriation measure may be amended or supplemented, provided that such amendment shall comply with all provision of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations curtailed from or against the appropriation. Supplemental appropriations require prior Board approval to be considered appropriated and legal for expenditures. The Township's Fiscal Officer requested supplemental appropriations in both years for the fund; however they were not approved by the Board. The accounting system reflected the increased appropriations.

The Township should periodically compare budgetary expenditures and appropriation authority in order to determine if amendments are necessary to prevent overspending. In addition, the Township should take measures to ensure all supplemental appropriations are previously approved by the Board to be considered legal for expenditures.

Officials' Response:

We will attempt to change our procedures to satisfy the states requirements.



Dave Yost • Auditor of State

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
AUGUST 8, 2013**