

LOGAN TOWNSHIP

AUGLAIZE COUNTY

REGULAR AUDIT

JANUARY 1, 2007 THROUGH DECEMBER 31, 2008

YEARS AUDITED UNDER GAGAS: 2008 AND 2007

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Board of Trustees
Logan Township
8533 National Road
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditor's Report* of Logan Township, Auglaize County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Logan Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 5, 2009

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**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

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Independent Auditor's Report

Logan Township
Auglaize County
8533 National Road
Wapakoneta, OH 45895

To the Board of Trustees:

We have audited the accompanying financial statements of Logan Township (the Township), Auglaize County, Ohio, as of and for the years ended December 31, 2008 and 2007. 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As 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 years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2008 and 2007. 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, 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, 2008 and 2007, 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 of the Township as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Logan Township
Auglaize County
Independent Auditor's Report

The aforementioned revision to generally accepted accounting principles also require the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 February 27, 2009, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

February 27, 2009

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 21,263	\$ 38,647	\$ 59,910
Intergovernmental	40,327	107,197	147,524
Licenses, Permits, and Fees	630	9,305	9,935
Earnings on Investments	2,360	2,690	5,050
Other Revenue	40	6,100	6,140
	<u>64,620</u>	<u>163,939</u>	<u>228,559</u>
Total Cash Receipts			
	<u>64,620</u>	<u>163,939</u>	<u>228,559</u>
Cash Disbursements:			
Current:			
General Government	47,005	-	47,005
Public Safety	568	15,974	16,542
Public Works	-	85,778	85,778
Health	73	7,851	7,924
Capital Outlay	-	57,008	57,008
	<u>47,646</u>	<u>166,611</u>	<u>214,257</u>
Total Cash Disbursements			
	<u>47,646</u>	<u>166,611</u>	<u>214,257</u>
Total Receipts Over/(Under) Disbursements	<u>16,974</u>	<u>(2,672)</u>	<u>14,302</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,974	(2,672)	14,302
Fund Cash Balances, January 1, 2008	<u>57,689</u>	<u>122,577</u>	<u>180,266</u>
Fund Cash Balances, December 31, 2008	<u>\$ 74,663</u>	<u>\$ 119,905</u>	<u>\$ 194,568</u>

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 21,616	\$ 39,421	\$ 61,037
Intergovernmental	33,385	105,461	138,846
Licenses, Permits, and Fees	1,302	9,472	10,774
Earnings on Investments	3,390	2,808	6,198
Other Revenue	64	6,306	6,370
	<u>59,757</u>	<u>163,468</u>	<u>223,225</u>
Total Cash Receipts			
	<u>59,757</u>	<u>163,468</u>	<u>223,225</u>
Cash Disbursements:			
Current:			
General Government	65,040		65,040
Public Safety	962	15,857	16,819
Public Works	-	106,333	106,333
Health	70	10,009	10,079
Capital Outlay	166	2,202	2,368
	<u>66,238</u>	<u>134,401</u>	<u>200,639</u>
Total Cash Disbursements			
	<u>66,238</u>	<u>134,401</u>	<u>200,639</u>
Total Receipts Over/(Under) Disbursements	<u>(6,481)</u>	<u>29,067</u>	<u>22,586</u>
Other Financing Receipts and (Disbursements):			
Sale of Assets	-	1,974	1,974
Other Sources	60	-	60
	<u>60</u>	<u>1,974</u>	<u>2,034</u>
Total Other Financing Receipts/(Disbursements)			
	<u>60</u>	<u>1,974</u>	<u>2,034</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(6,421)</u>	<u>31,041</u>	<u>24,620</u>
Fund Cash Balances, January 1, 2007	<u>64,110</u>	<u>91,536</u>	<u>155,646</u>
Fund Cash Balances, December 31, 2007	<u>\$ 57,689</u>	<u>\$ 122,577</u>	<u>\$ 180,266</u>

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Logan Township, Auglaize County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township contracts with the Buckland Fire Department and the Cridersville Volunteer Fire Company to provide fire services and the Spencerville Ambulance Service, Inc., to provide ambulance services.

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 disbursements investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

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:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$194,568</u>	<u>\$180,266</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,113	\$64,620	\$12,507
Special Revenue	153,872	163,939	10,067
Total	\$205,985	\$228,559	\$22,574

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,802	\$47,646	\$62,156
Special Revenue	276,449	166,611	109,838
Total	\$386,251	\$214,257	\$171,994

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,041	\$59,817	\$7,776
Special Revenue	151,551	165,443	13,892
Total	\$203,592	\$225,260	\$21,668

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,150	\$66,238	\$49,912
Special Revenue	243,088	134,401	108,687
Total	\$359,238	\$200,639	\$158,599

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.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX (Continued)

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

5. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5 percent, respectively, of their gross salaries. The Township contributed an amount equaling 14 and 13.85 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an Occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to annual aggregate loss payments. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 (latest information available) was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contributions. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,706	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	<u>\$29,852,869</u>	<u>\$ 29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$198,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2006	\$5,541
2007	\$4,408
2008	\$4,567

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. RELATED PARTY TRANSACTION

In 2007 and 2008, the Township employed Anthony J. Lochard, son of Trustee, Anthony W. Lochard for cemetery work performed on behalf of the Township in the amount of \$1,850 and \$1,377, respectively.

8. COMPLIANCE

Expenditures exceeded appropriations in the General, Motor Vehicle, Gasoline Tax, Road and Bridge and Cemetery Fund at the legal level of control in 2007 and in the General, Gasoline Tax and Road and Bridge in 2008 contrary to Section 5705.41 (B).

16% of the expenditures in 2007 and 32% in 2008 tested were not properly certified contrary to Section 5705.41 (D).

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Logan Township
Auglaize County
8533 National Road
Wapakoneta, Ohio 45895

We have audited the accompanying financial statements of Logan Township, Auglaize County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's financial statements, and have issued our report dated February 27, 2009, wherein we noted the Township uses accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that a material misstatement of the financial statements will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Logan Township
Auglaize County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of reasonable assurance 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 and 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2008-001 and 2008-002.

We did note a certain noncompliance or other matters that we reported to the Township's management in a separate letter dated February 27, 2009.

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

This report is intended solely for the information and use of management and Township Board of Trustees. We intend it for no one other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

February 27, 2009

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

The Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2007 and 2008, the following funds had expenditures which exceeded appropriations at the legal level of control:

2007			
Fund	Appropriations	Expenditures	Variance
General:			
Workers Compensation	\$1,500	1,729	(229)
State Examiner Charge	3,500	4,274	(774)
Salaries and Fees	2,000	2,160	(160)
Supplies - Admin	200	311	(111)
Motor Vehicle:			
Employers Retirement Contr	200	256	(56)
Repairs	500	1,187	(687)
Gasoline Tax:			
Employers Retirement Contr	200	858	(657)
Contracts	44,273	63,797	(19,524)
Road & Bridge:			
Employers Retirement Contr	200	858	(657)
Contracts	10,709	15,069	(4,359)
Cemetery:			
Supplies	2,000	2,925	(925)
2008			
Fund	Appropriations	Expenditures	Variance
General:			
Other Expense	\$1,500	\$1,544	(\$44)
Gasoline Tax:			
Employers Retirement Contr	1,000	1,189	(189)
Contracts	45,106	48,433	(3,327)
Road & Bridge:			
Employers Retirement Contr	1,000	1,189	(189)
Contracts	12,000	13,000	(1,000)

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001 (Continued)

Township's Responses:

The Township will appropriately follow the auditor's recommendation and will monitor appropriations and expenditures.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)(1):

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

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

16% of the expenditures tested were not properly certified in 2007 and 32% in 2008.

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Fiscal Officer before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

Township Response:

Township officials will monitor the proper certifying of expenditures more closely.

Logan Township
Auglaize County
Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2008 and 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	ORC Section – 5705.41 (B) – Budgetary - Level of Control	No	Reissued as Finding 2008-001
2006-002	ORC Section 5705.41 (D)(1)	No	Reissued as Finding 2008-002



Mary Taylor, CPA
Auditor of State

LOGAN TOWNSHIP

AUGLAIZE 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
JUNE 18, 2009