

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

REGULAR AUDIT

January 1, 2009 through December 31, 2010

Years Audited Under GAGAS: 2010 and 2009



Caudill & Associates, CPA

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Dave Yost • 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, CPAs, for the audit period January 1, 2009 through December 31, 2010. 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 "Dave Yost".

Dave Yost
Auditor of State

July 27, 2011

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**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

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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, Auglaize County, (the Township) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Logan Township
Auglaize County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Logan Township, Auglaize County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 27, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPA

Caudill & Associates, CPA

June 27, 2011

**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, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Local Taxes	\$ 24,155	\$ 39,923	\$ -	\$ 64,078
Intergovernmental	88,760	105,357	62,450	256,567
Licenses, Permits, and Fees	800	7,460	-	8,260
Earnings on Investments	476	406	-	882
Other Revenue	5	132	-	137
	<u>114,196</u>	<u>153,278</u>	<u>62,450</u>	<u>329,924</u>
Cash Disbursements:				
Current:				
General Government	56,498	-	-	56,498
Public Safety	698	18,214	-	18,912
Public Works	-	35,856	-	35,856
Health	79	8,707	-	8,786
Capital Outlay	36,254	56,997	62,450	155,701
	<u>93,529</u>	<u>119,774</u>	<u>62,450</u>	<u>275,753</u>
Total Receipts Over/(Under) Disbursements	<u>20,667</u>	<u>33,504</u>	<u>-</u>	<u>54,171</u>
Other Financing Receipts and (Disbursements):				
Sale of Assets	-	-	-	-
Other Sources	44	2,400	-	2,444
	<u>44</u>	<u>2,400</u>	<u>-</u>	<u>2,444</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,711	35,904	-	56,615
Fund Cash Balances, January 1, 2010	<u>36,101</u>	<u>88,888</u>	<u>-</u>	<u>124,989</u>
Fund Cash Balances, December 31, 2010	<u>\$ 56,812</u>	<u>\$ 124,792</u>	<u>\$ -</u>	<u>\$ 181,604</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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 24,025	\$ 39,631	\$ 63,656
Intergovernmental	28,942	103,930	132,872
Licenses, Permits, and Fees	510	9,403	9,913
Earnings on Investments	1,046	694	1,740
Other Revenue	-	400	400
	<u>54,523</u>	<u>154,058</u>	<u>208,581</u>
Total Cash Receipts			
	<u>54,523</u>	<u>154,058</u>	<u>208,581</u>
Cash Disbursements:			
Current:			
General Government	57,328	-	57,328
Public Safety	697	18,107	18,804
Public Works	-	74,241	74,241
Health	82	11,682	11,764
Capital Outlay	35,000	81,745	116,745
	<u>93,107</u>	<u>185,775</u>	<u>278,882</u>
Total Cash Disbursements			
	<u>93,107</u>	<u>185,775</u>	<u>278,882</u>
Total Receipts Over/(Under) Disbursements	<u>(38,584)</u>	<u>(31,717)</u>	<u>(70,301)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In			-
Sale of Assets	-	-	-
Other Sources	22	700	722
	<u>22</u>	<u>700</u>	<u>722</u>
Total Other Financing Receipts/(Disbursements)			
	<u>22</u>	<u>700</u>	<u>722</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(38,562)</u>	<u>(31,017)</u>	<u>(69,579)</u>
Fund Cash Balances, January 1, 2009	<u>74,663</u>	<u>119,905</u>	<u>194,568</u>
Fund Cash Balances, December 31, 2009	<u><u>\$ 36,101</u></u>	<u><u>\$ 88,888</u></u>	<u><u>\$ 124,989</u></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, 2010 AND 2009**

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, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

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

Issue I - This fund received a grant from the Ohio Publics Work Commission for paving projects.

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 2010 and 2009 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>2010</u>	<u>2009</u>
Demand deposits	<u>\$181,604</u>	<u>\$124,989</u>

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,668	\$114,240	\$23,572
Special Revenue	152,274	155,678	3,404
Capital Project	62,450	62,450	0
Total	\$242,942	\$269,918	\$26,976

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,769	\$93,529	\$33,240
Special Revenue	241,162	119,774	121,388
Capital Project	62,450	62,450	0
Total	\$367,931	\$213,303	\$154,628

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,915	\$54,545	\$630
Special Revenue	155,263	154,758	(505)
Total	\$209,178	\$209,303	\$125

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$128,578	\$93,107	\$35,471
Special Revenue	275,168	185,775	89,393
Total	\$403,746	\$278,882	\$124,864

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT 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 2010 and 2009, OPERS members contributed 10 percent, respectively, of their gross salaries. The Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO.

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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. RISK MANAGEMENT (Continued)

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, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$ 40,737,740
Liabilities	(12,880,766)	(12,981,818)
Retained Earnings	<u>\$26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, liabilities above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, 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 \$5,000.

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

2008	\$4,567
2009	\$4,807
2010	\$5,578

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 2009 and 2010, 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 \$3,526 and \$1,256, respectively.

In 2009, the Township paid David Krites Excavating, son of Trustee David Krites for small construction and hauling projects for a total of \$2,149.

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. COMPLIANCE

Contrary to ORC Section 5705.41 (D), 35% of the expenditures in 2009 and 20% in 2010 tested were not properly certified.

Contrary to ORC Section 2921.42 (A)(1), the Township had two related party transactions.



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

Logan Township
Auglaize County
8533 National Road
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the financial statements of Logan Township, Auglaize County, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 27, 2011, wherein we noted Township prepared its financial statements using 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for opining 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 *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 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 timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any 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*

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards*, which is, described in the accompanying schedule of findings and responses as items 2010-001 through 2010-002

We did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 27, 2011.

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

We intend this report solely for the information and use of management, the Board of Trustees, others within the Township and the Auditor of State. We intend it for no one other than these specified parties.



Caudill & Associates, CPA

June 27, 2011

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

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.

35% of the expenditures tested were not properly certified in 2009 and 20% in 2010.

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 FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-002

Noncompliance Citation – Ohio Rev. Code Section 291.42(A)(1)

Ohio Rev. Code Section 2921.42(A)(1) prohibits a public official from authorizing the employment of a family member. A “public official” is any elected or appointed officer, or employee, of the state or any political subdivision of the state.

A “member of an official’s family” includes the following relatives, regardless of where they reside: (1) spouse; (2) children (whether dependent or not); (3) siblings; (4) parents; (5) grandparents; and (6) grandchildren. It also includes any other person related by blood or marriage and living in the same household.

On December 30, 2008 and December 29, 2009, Township Trustee, Anthony W. Lochard voted on the retention of his son, Anthony J. Lochard as a Township employee to mow Township Roads for the Fiscal years 2009 and 2010, respectfully. As well, the Township employed Krites Landscaping and Excavating to perform cemetery work and hauling. Krites Landscaping and Excavating is owned by the David Krites, son of the Trustee, David Krites. The minutes did not indicate that Krites Excavating and Landscaping was approved by the Trustees to perform the services for the Township.

Related Party Transactions for David Krites, Trustee, were as followed:

<u>Trustee Name</u>	<u>Related Party</u>	<u>Relationship to Trustee</u>	<u>Date of Payment</u>	<u>Type of Service</u>	<u>Amount Paid</u>	<u>Payroll Item</u>
David Krites	David Krites	Son	6/2/2009	Cemetery Cleanup	\$1,610	N
David Krites	David Krites	Son	7/7/2009	Driveway Maintenance	139	N
David Krites	David Krites	Son	7/7/2009	Hauling	400	N
Total Paid					<u>\$2,149</u>	

**LOGAN TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-002 (Continued)

Related Party Transactions for Anthony W. Lochard, Trustee, were as followed:

Trustee Name	Related Party	Relationship to Trustee	Date of Check	Type of Service	Amount Paid (Net)	Gross Amount	Payroll Item
Anthony W. Lochard	Anthony J. Lochard	Son	4/7/2009	Landscaping	\$1.105	\$1,413	Y
Anthony W. Lochard	Anthony J. Lochard	Son	7/7/2009	Landscaping	425	-	Y
Anthony W. Lochard	Anthony J. Lochard	Son	8/11/2009	Landscaping	465	1,026	Y
Anthony W. Lochard	Anthony J. Lochard	Son	10/29/09	Landscaping	341	-	Y
Anthony W. Lochard	Anthony J. Lochard	Son	11/3/2009	Landscaping	310	-	Y
Anthony W. Lochard	Anthony J. Lochard	Son	12/31/2009	Landscaping	302	1,094	Y
Anthony W. Lochard	Anthony J. Lochard	Son	7/6/2010	Landscaping	559	-	Y
Anthony W. Lochard	Anthony J. Lochard	Son	8/10/2010		483	1,256	Y
Lochard	Lochard						
Total Paid					<u>\$3,990</u>	<u>\$4,789</u>	

We recommend the Township Trustees follow the guidance of the Ohio Rev. Code Section 2921.42 (A)(1) regarding the hiring of family members and that the Township adopt a conflict of interest policy to help educate and instruct Township officials, whether appointed, elected or employed, on the ethics laws governing their actions and responsibilities.

Township Response:

There was no response from the Township.

Logan Township
Auglaize County
Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 20010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	ORC Section – 5705.41 (B) – Budgetary - Level of Control	Yes	N/A
2008-002	ORC Section 5705.41 (D)(1)	No	Reissued as Finding 2010-001

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Dave Yost • 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
AUGUST 9, 2011