



**Auditor of State
Betty Montgomery**

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bucyrus Township
Crawford County
1449 State Route 98
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Bucyrus Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Township as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Bucyrus Township
Crawford County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

February 28, 2003

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$17,210	\$45,919	\$13,997	\$77,126
Intergovernmental	31,903	70,031	1,444	103,378
Earnings on Investments	536	285	0	821
Other Revenue	3,875	4,605	0	8,480
	<u>53,524</u>	<u>120,840</u>	<u>15,441</u>	<u>189,805</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	42,248	0	0	42,248
Public Safety	0	16,121	309	16,430
Public Works	34,117	122,080	0	156,197
Health	3,553	0	0	3,553
Debt Service:				
Redemption of Principal	1,909	1,300	11,990	15,199
Interest and Fiscal Charges	0	0	2,852	2,852
	<u>81,827</u>	<u>139,501</u>	<u>15,151</u>	<u>236,479</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(28,303)	(18,661)	290	(46,674)
Fund Cash Balances, January 1, 2002	51,952	39,760	712	92,424
Fund Cash Balances, December 31, 2002	<u>\$23,649</u>	<u>\$21,099</u>	<u>\$1,002</u>	<u>\$45,750</u>

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

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts:					
Local Taxes	\$16,984	\$45,466	\$13,818	\$0	\$76,268
Intergovernmental	51,937	73,675	1,431	13,500	140,543
Earnings on Investments	1,006	820	0	0	1,826
Other Revenue	988	4,466	0	0	5,454
Total Cash Receipts	70,915	124,427	15,249	13,500	224,091
Cash Disbursements:					
Current:					
General Government	36,056	0	0	0	36,056
Public Safety	0	11,500	315	0	11,815
Public Works	8,273	144,562	0	0	152,835
Health	3,600	0	0	0	3,600
Capital Outlay	0	0	0	13,500	13,500
Debt Service:					
Redemption of Principal	55	2,471	11,946	0	14,472
Interest and Fiscal Charges	0	0	3,580	0	3,580
Total Cash Disbursements	47,984	158,533	15,841	13,500	235,858
Total Cash Receipts Over/(Under) Cash Disbursements	22,931	(34,106)	(592)	0	(11,767)
Fund Cash Balances, January 1, 2001	29,021	73,866	1,304	0	104,191
Fund Cash Balances, December 31, 2001	\$51,952	\$39,760	\$712	\$0	\$92,424
Reserve for Encumbrances, December 31, 2001	\$3,785	\$7,664	\$0	\$0	\$11,449

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

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bucyrus Township, Crawford County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and fire protection. The Township is a member of the Central Joint Ambulance District, which contracts with Medcorp, 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash

The Township maintains an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of loan indebtedness.

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio for a road project.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Township did not encumber or certify all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Deposits	\$45,750	\$92,424

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,962	\$53,524	\$18,562
Special Revenue	118,342	120,840	\$2,498
Debt Service	14,953	15,441	\$488
Total	\$168,257	\$189,805	\$21,548

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,700	\$81,827	\$8,873
Special Revenue	165,766	139,501	26,265
Debt Service	15,665	15,151	514
Total	\$272,131	\$236,479	\$35,652

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,917	\$70,915	\$36,998
Special Revenue	119,088	124,427	5,339
Debt Service	14,658	15,249	591
Capital Projects	13,500	13,500	0
Total	\$181,163	\$224,091	\$42,928

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,710	\$51,769	\$19,941
Special Revenue	184,182	166,197	17,985
Debt Service	15,962	15,841	121
Capital Projects	13,500	13,500	0
Total	\$285,354	\$247,307	\$38,047

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Fire Truck Loan	\$41,797	5.25%

The loan to purchase the fire truck is secured by the truck.

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

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

Year Ending December 31:	Amount
2003	\$18,052
2004	18,052
2005	9,008
	<u>\$45,112</u>

6. RETIREMENT SYSTEMS

Township officials and employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contribute 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

7. RISK POOL MEMBERSHIP

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

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000.

The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK POOL MEMBERSHIP

Financial Position

OTARMA's most recent financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001.

<u>Casualty Coverage</u>	
Assets	\$23,703,776
Liabilities	<u>9,379,003</u>
Retained earnings	<u>\$14,324,773</u>
 <u>Property Coverage</u>	
Assets	\$5,011,131
Liabilities	<u>647,667</u>
Retained earnings	<u>\$4,363,464</u>



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Bucyrus Township
Crawford County
1449 State Route 98
Bucyrus, Ohio 44820

To the Board of Trustees:

We have audited the accompanying financial statements of Bucyrus Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated February 28, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40517-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 28, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Bucyrus Township
Crawford County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

February 28, 2003

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

Finding Number	2002-40517-001
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Certification of Expenditures

Ohio Rev. Code Section 5705.41(D), states no order or contract involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid. Effective April 7, 2003, legislation increased this amount to \$3,000.

Thirty-two percent of the transactions tested were not certified by the Township Clerk at the time the commitment was incurred and neither of the exceptions provided for were used. Such certification is not only required by Ohio law, but is a key control in the disbursement process to ensure purchase commitments receive prior approval and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Board.

**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 and DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40517-001	Ohio Rev. Code Sections 4115.04 and 4115.05, failure to pay prevailing wages	Yes	Fully corrected.
2000-40517-002	Ohio Rev. Code Section 5705.41 (D) lack of prior certification by fiscal officer	No	Not corrected. This citation is being repeated in the current audit period as finding number 2002-40517-001.
2000-40517-003	Ohio Rev. Code Section 135.18 unsecured depository balances in excess of FDIC coverage throughout the year	Yes	Fully corrected.



**Auditor of State
Betty Montgomery**

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BUCYRUS TOWNSHIP

CRAWFORD 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
MAY 15, 2003**