
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

BUCYRUS TOWNSHIP

CRAWFORD COUNTY

A&A
REGULAR AUDIT

FOR THE YEARS ENDED

DECEMBER 31, 2020 - 2019

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North Canton, OH 44720
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Bucyrus Township
929 Mt. Zion Road
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditor's Report* of Bucyrus Township, Crawford County, prepared by Alger & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2021

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**BUCYRUS TOWNSHIP
CRAWFORD COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Bucyrus Township
Crawford County
929 Mt. Zion Rd.
Bucyrus, Ohio 44820

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bucyrus Township, Crawford County, Ohio (the Township) as of and for the years ended December 31, 2020 and 2019.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 such 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 opinions.

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Bucyrus Township, Crawford County as of December 31, 2020 and 2019, 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(D) permit, described in Note 2.

Emphasis of Matter

As discussed in 2020's Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, as discussed in 2020's Note 13 to the financial statements, the Township adopted the change to their cash basis-reporting model of the fund balance classification presentation. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 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.

Karen S Alger, CPA
CPA

Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, ou=Alger &
Associates, Inc. ou,
email=ksalger46@att.net, c=US
Date: 2021.12.21 11:32:40 -05'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

December 15, 2021

Bucyrus Township
Crawford County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$59,545	\$57,557	\$117,102
Intergovernmental	24,874	157,272	182,146
Earnings on Investments	72	37	109
Miscellaneous	4,275	10,000	14,275
<i>Total Cash Receipts</i>	<u>88,766</u>	<u>224,866</u>	<u>313,632</u>
Cash Disbursements			
Current:			
General Government	30,960	-	30,960
Public Safety	-	23,279	23,279
Public Works	37,504	153,280	190,784
Debt Service:			
Principal Retirement	-	2,472	2,472
<i>Total Cash Disbursements</i>	<u>68,464</u>	<u>179,031</u>	<u>247,495</u>
<i>Net Change in Fund Cash Balances</i>	20,302	45,835	66,137
<i>Fund Cash Balances, January 1</i>	<u>32,497</u>	<u>133,782</u>	<u>166,279</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$52,799</u></u>	<u><u>\$179,617</u></u>	<u><u>\$232,416</u></u>

See accompanying notes to the basic financial statements

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Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Bucyrus Township, Crawford 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 and fire protection services

Jointly Governed Organizations and Public Entity Risk

The Township participates in a jointly governed organization [Central Joint Ambulance District – CJAD provides ambulance services] and a public entity risk pool [Ohio Township Association Risk Management Authority (OTARMA)]. Notes 7 and 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire District Fund: The fire district fund accounts for property tax monies to pay for fire protection services to the Township.

Road District Fund: The road district fund accounts for property tax monies to pay for constructing, maintaining, and repairing Township roads.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies *(continues)*

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 4.

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 maintains one interest bearing checking account with a local bank.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies *(continued)*

Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to ORC 5705.10 (H), the Township had negative cash fund balance in the Special Revenue- Road District Fund at December 31, 2020 of \$7,314.

Contrary to ORC 5705.36, the Township, did not, file the Certification of Fund Balance from all sources available for expenditure with the County Auditor.

Contrary to ORC 5705.38 (A), the Township, did not pass permanent appropriations for 2020.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Compliance *(continued)*

Contrary to ORC 5705.41(B), the Township had all expenditures exceed appropriation authority due to not passing the 2020 permanent appropriations.

Contrary to ORC 5705.41(D), the Township, circumvented by utilizing only Then & Now certificates for 2020.

Contrary to ORC 5705.05 the Township commingled General Fund tax levy monies with other General Fund monies.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$88,766	\$88,766
Special Revenue	0	224,866	224,866
Total	\$0	\$313,632	\$313,632

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$68,464	(\$68,464)
Special Revenue	0	179,031	(179,031)
Total	\$0	\$247,495	(\$247,495)

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2020
Demand deposits	\$232,416

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township has not remitted all employee payroll withholdings. At December 31, 2020, the Township is holding \$1,208 due to OPERS.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits and Investments *(continued)*

Deposits

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

Note 6 – Property Taxes

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

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management *(continued)*

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s elected 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 this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2013 OPWC Loan	\$8,652	0.00%

In 2013, the Township received an interest free loan in the amount of \$24,719 from the Ohio Public Works Commission (OPWC) for the leveling and resurfacing of Heinle Road, the loan will be paid off in semi-annual installments of \$1,236. The final payment will be made in December 2024.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt *(continued)*

Amortization

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

Year Ending December 31:	OPWC Loan
2021	\$2,472
2022	\$2,472
2023	\$2,472
2024	<u>\$1,236</u>
	<u><u>\$8,652</u></u>

Note 11 – Jointly Governed Organizations

The Central Joint Ambulance District (the District) is a jointly government organization pursuant to Ohio Revised Code Section 505.71. The District provides ambulance services to the City of Bucyrus and eleven townships, including Bucyrus Township. Each participant has one representative on the District’s board of directors. Financial information can be obtained from the Central Joint Ambulance District, 1957 State Route 19, Bucyrus, Ohio 44820.

Note 12 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Township had no outstanding encumbrances at year end.

Note 13 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Bucyrus Township
Crawford County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$58,765	\$56,459	\$115,224
Intergovernmental	25,241	168,258	193,499
Earnings on Investments	49	4	53
Miscellaneous	55	-	55
<i>Total Cash Receipts</i>	<u>84,110</u>	<u>224,721</u>	<u>308,831</u>
Cash Disbursements			
Current:			
General Government	37,748	-	37,748
Public Safety	-	19,318	19,318
Public Works	42,058	63,128	105,186
Capital Outlay	13,468	46,183	59,651
Debt Service:			
Principal Retirement	-	26,714	26,714
Interest and Fiscal Charges	-	472	472
<i>Total Cash Disbursements</i>	<u>93,274</u>	<u>155,815</u>	<u>249,089</u>
<i>Net Change in Fund Cash Balances</i>	(9,164)	68,906	59,742
<i>Fund Cash Balances, January 1</i>	<u>41,661</u>	<u>64,876</u>	<u>106,537</u>
Fund Cash Balances, December 31			
Restricted	-	133,782	133,782
Unassigned	32,497	-	32,497
<i>Fund Cash Balances, December 31</i>	<u>\$32,497</u>	<u>\$133,782</u>	<u>\$166,279</u>

See accompanying notes to the basic financial statements

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Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Bucyrus Township, Crawford 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 and fire protection services

Jointly Governed Organizations and Public Entity Risk

The Township participates in a jointly governed organization [Central Joint Ambulance District – CJAD provides ambulance services] and a public entity risk pool [Ohio Township Association Risk Management Authority (OTARMA)]. Notes 7 and 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire District Fund The fire district fund accounts for property tax monies to pay for fire protection services to the Township.

Road District Fund The road district fund accounts for property tax monies to pay for constructing, maintaining, and repairing Township roads.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Township maintains one interest bearing checking account with a local bank.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

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.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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

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

Note 3 – Compliance

Contrary to ORC 5705.10 (H), the Township had negative cash fund balance in the Special Revenue-Special Levy fund at December 31, 2019 of \$2,240.

Contrary to ORC 5705.36, the Township, did not, file the Certification of Fund Balance from all sources available for expenditure with the County Auditor.

Contrary to ORC 5705.38 (A), the Township, did not pass permanent appropriations for 2019.

Contrary to ORC 5705.41(B), the Township had all expenditures exceed appropriation authority due to not passing the 2019 permanent appropriations.

Contrary to ORC 5705.41(D), the Township, circumvented by utilizing only Then & Now certificates for 2019.

Contrary to ORC 5705.05 the Township commingled General Fund tax levy monies with other General Fund monies.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$84,110	\$84,110
Special Revenue	0	224,721	224,721
Total	\$0	\$308,831	\$308,831

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$93,274	(\$93,274)
Special Revenue	0	155,815	(155,815)
Total	\$0	\$249,089	(\$249,089)

Note 5 – Deposits and Investments

The Township maintains a deposits 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:

	2019
Demand deposits	\$166,279

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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

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

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

2013 OPWC Loan	(a)	Principal	Interest Rate
		\$11,124	0.0%

(a) note the prior audit Fire Equipment Bond ending balance restated to \$25,478 plus OPWC of \$12,360 for a total of \$37,838

In 2014, the Township issued \$121,207 in fire equipment bonds to purchase a fire truck. The bonds will be paid off in semi-annual installments of \$13,020, including interest at 2.49%. In addition, the prior report had reported ending balance for the Fire Truck loan as \$24,462; however, the balance at December 31, 2018 was \$24,939 a variance of \$477. The final payment was made in September of 2019.

In 2013, the Township received an interest free loan in the amount of \$24,719 from the Ohio Public Works Commission (OPWC) for the leveling and resurfacing of Heinle Road, the loan will be paid off in semi-annual installments of \$1,236. The final payment will be made in December 2024.

Amortization

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

Year Ending December 31:	OPWC Loan
2020	\$2,472
2021	2,472
2022	2,472
2023	2,472
2024	1,236
Total	\$11,124

Bucyrus Township
Crawford County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Jointly Governed Organizations

The Central Joint Ambulance District (the District) is a jointly government organization pursuant to Ohio Revised Code Section 505.71. the District provides ambulance services to the City of Bucyrus and eleven townships, including Bucyrus Township. Each participant has one representative on the District’s board of directors. Financial information can be obtained from the Central Joint Ambulance District, 1957 State Route 19, Bucyrus, Ohio 44820.

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Bucyrus Township
Crawford County
929 Mt. Zion Rd.
Bucyrus, Ohio 44820

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 the cash balances, receipts, and disbursements by fund type of the Bucyrus Township, Crawford County, Ohio (the Township) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated December 15, 2021 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, during 2020 we noted the Township changed their cash basis-reporting model of the fund balance classification presentation as disclosed in Note 13 of the 2020 financial statements. Also, as disclosed in Note 14 of the 2020 financial statements' footnotes, we noted the financial impact of COVID-19 and ensuing emergency measures on subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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. We consider findings 2020-001 through 2020-009 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2020-010 and 2020-011 described in the accompanying schedule of findings to be significant deficiencies.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of finding as items 2020-001 through 2020-006 and item 2020-010.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements 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.

Karen S Alger, Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger &
Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2021.12.21 11:33:01 -05'00'
CPA

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

December 15, 2021

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Noncompliance/Material Weakness - Annual Appropriation Measure

Ohio Rev. Code § 5705.38 (A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Documentation could not be provided to reflect Trustees approved the annual appropriation measure by April 1 for 2020 and 2019 and filed with the County Auditor.

Ohio Rev. Code § 5705.41 (B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated.

Due to Trustees not passing an appropriation measure during 2020 and 2019 as indicated above, nor properly filing with the budget commission, expenditures in all funds exceeded appropriations.

We recommend the Trustees and the Fiscal Officer not make any expenditures until appropriations are adopted. Once appropriations are adopted, Trustees and the Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2020-002

Material Noncompliance /Material Weakness - Certification of All Sources Available for Expenditures

Ohio Rev. Code § 5705.36 states on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any encumbered balances existing at the end of the preceding year.

Except, a taxing authority shall exclude the following from unencumbered fund balances:

- Budget stabilization reserves (ORC 5705.13, 5705.29(G))
- Nonexpendable trust principal balances and any additions to principal not from the fund's reinvested earnings (ORC 5705.131)

The Fiscal Officer failed to submit the Total Amount from All Sources Available for Expenditures form to the County Budget Commission at the beginning of the year for 2020 and 2019. Therefore, the County Budget Commission never certified the Official Amended Certificate of Estimated Resources.

We recommend the Fiscal Officer should prepare the Certification of Fund Balances at the beginning of the year and submit to the County Budget Commission.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-003

Material Noncompliance /Material Weakness - Deficit Fund Balances

Ohio Rev. Code § 5705.10 (H) states that all money paid into a fund must be used for the purpose for which such fund has been established. A fund with a negative fund balance signifies that monies from other funds were used to meet their obligations. The Township failed to adequately monitor fund balances.

As of December 31, 2020, the Road District Fund had a deficit balance of \$7,314 and as of December 31, 2019, the Special Levy Fund had a deficit balance of \$2,240.

The deficit balances indicate that money from one fund was used to pay the obligations of another fund.

We recommend the Township closely monitor expenditures and ensure they are paid from the proper fund.

FINDING NUMBER 2020-004

Material Noncompliance /Material Weakness – Expenditure Certification

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that 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 Township can authorize the drawing of a warrant for the payment of the amount due. The entity has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 entity.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-004 *(continued)*

Material Noncompliance /Material Weakness – Expenditure Certification

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

During fiscal year 2020 & 2019, the Township’s Fiscal Officer utilized the Then & Now certificates for all the expenditure transactions thus circumventing the spirit of this Revised Code Section. By utilizing this method this could cause a negative fund balance prior to certifying the funds were available.

Unless the exceptions noted as above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41 (D) applies. The most convenient certification method is to use regular and or blanket purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should establish blanket or super blanket purchase orders for transactions that may be reoccurring.

FINDING NUMBER 2020-005

Material Noncompliance / Material Weakness – General Levy Monies

Ohio Rev. Code § 5705.05 states that the purpose and intent of the general levy for current expenses is to provide one general operating fund derived from taxation from which any expenditures for current expenses of any kind may be made. The taxing authority of a political subdivision may include in such levy the amounts required for carrying into effect any of the general or special powers granted by law to such subdivision, including the acquisition or construction of permanent improvements and the payment of judgments, but excluding the payment of debt charges.

The Township made the following debt payments during 2020 and 2019 from the General Fund:

- In 2020, Road District Fund Ohio Public Works Commission (OPWC) loan principal payments totaling \$2,472.
- In 2019, Special Levy Fund fire truck loan principal and interest payments totaling \$12,930.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-005 *(continued)*

Material Noncompliance / Material Weakness – General Levy Monies

The Township commingled General Fund tax levy monies with other General Fund monies. As a result, the Township could not demonstrate what amount, if any, of general levy monies were used for the payment of debt charges. Adjustments were made to the 2020 and 2019 financial statements and accounting ledgers to record debt payments in the Road District Fund and Special Levy Fund as listed above.

If the Township intends to use General Fund monies to make debt payments, the Fiscal Officer should separately identify monies within the General Fund that are derived from the general levy revenues for current expenses and other general revenue monies that are not otherwise restricted to be used to pay debt charges. This will ensure the Township can demonstrate sufficient other general revenue monies exist to cover the payment of debt charges.

FINDING NUMBER 2020-006

Material Noncompliance / Material Weakness – Revenue and Expenditure Posting

Ohio Rev. Code § 5705.10(A) states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

Ohio Rev. Code § 5705.10(C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

Ohio Rev. Code § 5705.10(D) provides 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, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

The Township posted **receipts** to improper funds as follows:

- In 2020, \$7,274 was incorrectly posted to the General Fund first and second half homestead & rollback intergovernmental receipts rather than posting to the following proper funds. For the Fire District Fund of \$2,468, the Road District Fund of \$2,403 and the Special Levy Fund of \$2,403.
- In 2020, the Gasoline Tax Fund intergovernmental receipts totaling \$36,103 was incorrectly posted to the General Fund.
- In 2020, the Motor Vehicle License Tax Fund intergovernmental receipts totaling \$11,027 were incorrectly posted to the General Fund.
- In 2020, real estate tax settlement receipts were posted in net instead of at gross. As a result, receipts and expenditures were understated. In addition, the allocation of levy receipts was not apportioned correctly. This resulted in the property tax receipts being increased by \$1,635 for the General Fund, \$3,629 for the Fire District Fund, \$3,353 for the Road District Fund and \$7,301 for the Special Levy Fund to reflect the correct amount received in real estate tax for the year.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-006 *(continued)*

Material Noncompliance / Material Weakness – Revenue and Expenditure Posting

- In 2020, the state fire marshal grant in the amount of \$10,000 was incorrectly posted to the General Fund rather than the Fire District Levy Fund.
- In 2019, \$7,240 was incorrectly posted to the General Fund for the first and second half homestead & rollback intergovernmental receipts rather than posting to the following proper funds; the Fire District Fund for \$2,452, the Road District Fund for \$2,387 and the Special Levy Fund for \$2,401.
- In 2019, the Gasoline Tax Fund intergovernmental receipts totaling \$36,103 were incorrectly posted to the General Fund.
- In 2019, real estate tax settlement receipts were posted net instead of gross. As a result, receipts and expenditures were understated. In addition, the allocation of levy receipts was not apportioned correctly. This resulted in the property tax receipts being increased by \$12,460 for the Motor Vehicle License Tax Fund, by \$8,447 for the Special Levy fund. This also caused a decrease the General Fund and Road District Fund for \$6,559 and \$1,870 respectively.

The Township posted **expenditures** to improper funds as follows:

- In 2020, Motor Vehicle License Tax Fund had various expenditures totaling \$1,962 incorrectly posted to the General Fund for \$1,808 and Gasoline Tax Fund for \$154.
- In 2020, Gasoline Tax Fund had various expenditures totaling \$2,202 incorrectly posted to the General Fund.
- In 2020, Road District Fund had various expenditures totaling \$43,088 incorrectly posted to the General Fund of \$42,958 and Gasoline Tax Fund of \$130.
- In 2020, Fire District Levy Fund had various expenditures totaling \$4,811 incorrectly posted to the Road District Fund for \$675 and Gasoline Tax Fund for \$4,136.
- In 2019, General Fund had various expenditures totaling \$7,836 incorrectly posted to the Fire District Fund for \$6,836 and Special Levy Fund totaling for \$1,000.
- In 2019, Motor Vehicle License Tax Fund had various expenditures totaling \$4,130 incorrectly posted to the General Fund.
- In 2019, Fire District Fund had various expenditures total \$1,409 incorrectly posted to the Special Levy Fund for \$1,267 and Motor Vehicle License Tax had expenditures for \$142.
- In 2019, Fire District Fund had various expenditures totaling \$4,959 incorrectly posted to the General Fund.
- In 2019, Road District Fund various expenditures totaling \$8,440 were incorrectly posted to the General Fund.
- In 2019, Gasoline Tax Fund various salaries totaling \$10,916 were incorrectly posted to the General Fund.

During 2020 and 2019 the Fiscal Officer made eleven fund balance adjustments to correct mis-posting to the wrong funds instead of reducing receipts and expenditure accounts.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements. The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-006 *(continued)*

Material Noncompliance / Material Weakness – Revenue and Expenditure Posting

The Township should implement internal control procedures to review revenue and expenditures for possible restrictions. Such procedures should include utilization of the Ohio Township Handbook, review of the Ohio Revised Code, review of the Township's tax levy language, and consultation with the Township's legal counsel, if necessary. This will help ensure monies received by the Township are accounted for in the proper funds and expended in accordance with the purpose of such funds.

FINDING NUMBER 2020-007

Material Weakness – Financial Reporting

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

The Township does not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified on the financial statements. As a result, below are descriptions of the reclassifications and adjustments that were deemed material and required posting to the Township's December 31, 2020 and 2019 financial statements:

- In 2020, the Fiscal Officer did not post the county health department and election expenditures totaling \$9,938 to the General Fund.
- In 2020, General Fund balance was increased by \$13,498 to record intergovernmental receipts that cleared the bank statement but were never posted to the accounting ledgers.
- In 2020, the General Fund balance was decreased by \$65,824 to remove two receipts that were double posted.
- In 2020, various funds balances were decreased to remove a receipt cleared on the UAN but not in Bank totaling \$30,789.
- In 2019, the Fiscal Officer did not post the county health department and election expenditures totaling \$11,333 to the General Fund.
- In 2019, the General Fund second half homestead & rollback for \$7,926 was reclassified from Property Tax to Intergovernmental.
- In 2019, Fire District Levy Fund state fire marshal grant in the amount of \$37,343 was reclassified from Miscellaneous to Intergovernmental.
- In 2019, Road District Fund debt payment totaling \$1,236 was reclassified from Public Works to Principal Retirement payment.
- In 2019, Special Levy Fund debt payment totaling \$13,020 was reclassified from Public Safety to Principal Retirement \$12,705 and Interest and Fiscal Charges \$315.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-007 *(continued)*

Material Weakness – Financial Reporting

The Township has recorded these reclassifications and adjustments to the financial statements and accounting records. The 2020 and 2019 notes to the financial statements also required multiple corrections. Additionally, we identified three revenue reclassifications which were reported to management as unadjusted differences. By not ensuring proper financial statement presentation, the Township cannot report accurate financial activity to its constituents.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

FINDING NUMBER 2020-008

Material Weakness - Cash Reconciliations

In order to ensure the completeness and accuracy of the Township's accounting records, an adequate system of internal controls requires that monthly reconciliations be performed between the fund ledgers and bank depository.

To be effective, these reconciliations should include a thorough investigation and follow-up of all significant reconciling items. The process allows you to determine if all items have been recorded and match the postings by the bank at the same amounts.

If there is a discrepancy, this can be corrected fairly quickly. The accuracy of the transactions within the system allows the Trustees to have an accurate and up to date information to make the best decisions for the Township.

If information being recorded is incorrect, then Trustees cannot make good financial decisions in order to run their Township appropriately. If sound decisions cannot be made, then public dollars could be misspent.

Misspending funds, even unintentionally, could result in deficit fund balances or audit adjustments, both of which could lead the entity being declared in fiscal caution and possibly fiscal watch or fiscal emergency.

During the course of the audit, we noted the following:

- The Fiscal Officer's financial reports that were submitted to the Trustees for review were not accurate. The Fiscal Officer had made several adjustments with no supporting documentation as to why the adjustments were made to the books throughout the audit period in order to reconcile.
- Due to the reasons noted above, we were unable to determine the reasons for the adjustments, the Township hired an outside individual to reconcile the audit period.

Because of the Township was not being properly reconciled, the Township was declared unauditible on August 2, 2021 by the Auditor of State's office. The Township contracted with an outside party to reconcile both years and reconstruct the cash journal for 2019.

Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-008 *(continued)*

Material Weakness - Cash Reconciliations

We obtained a modification to our agreement with the Township to increase the audit costs by \$9,100 in order to perform additional audit steps to ensure the Township is properly reconciled as of December 31, 2019 and December 31, 2020.

The following deficiencies and reconciling items were noted in the Township's monthly cash reconciliations:

- Reconciliations were not always performed on a timely basis. During 2019 the Fiscal Officer only completed 6 monthly reconciliations out of the 12 required. The Fiscal Officer completed February thru June and a December reconciliation but did not complete the remaining months reconciliations. June and December reconciliations was not performed until March 2020.
- For 2020, all of the monthly reconciliations were not performed until March of 2021. No reconciliation was performed for January 2020.
- We noted the Fiscal Officer posted other adjusting amounts to the reconciliation with no support in order to reconcile. All adjustments made had no support or documentation indicating the reason for the adjustments.
- When the outside party completed the reconciliation for the audit period, they noted 96 transactions for 2019 and 56 transactions for 2020 which affected the various fund balances of the Township in order to properly reconcile the books with the bank.
- Outstanding checks were also not properly reported on either reconciliation.

All adjustments have been properly made to the financial statements and the Township accounting system.

We recommend the Fiscal Officer perform timely reconciliations on a monthly basis. Any deficiencies or reconciling items should immediately be investigated and rectified.

Trustees should ensure bank reconciliations are reconciled to the UAN system on a monthly basis. Trustees should also closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items. All reconciling items should have adequate support to identify why they are included on the reconciliation.

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Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-009

Material Weakness – Compensation

The Trustees and Fiscal Officer’s salary are based on the annual budget of the Township.

During our review of payroll, we noted the following:

For 2019:

- The Fiscal Officer overpaid herself by \$3,307.
- The Fiscal Officer received two paychecks for May and June of 2019.
- The gross pay was incorrectly calculated based on Senate Bill 296 for the elected officials.
- All three Trustees were underpaid by \$274.
- The Fiscal Officer is paid monthly and should receive 12 checks however, she received 14 pay checks.
- According to the minutes, approved by the Trustees, the Road Supervisor is to receive a salary of \$39,000; however, his total pays for 2019 was \$35,562 for a difference of \$3,438. The Township was unable to provide any documentation as to why the Supervisor did not receive the salary authorized.
- According to the UAN system, the Road Supervisor received 8 checks for the year rather than 12. Because the Fiscal Officer did not post the additional 4 checks and the W2s are from the UAN system the total payroll under-reported for taxes and OPERS was \$13,000. Total under-reported for the elected officials was \$5,507 for a total under-reported of \$18,507.
- Based on the actual checks cashed (per the bank statements) for OPERS it appears OPERS may have been underpaid by \$1,663.

For 2020

- The Fiscal Officer was underpaid by \$4,174 in 2020.
- Two Trustees were underpaid \$1,278 and the third Trustee was underpaid \$1,322.
- The postings to the UAN system did not agree with the checks cashed per the bank statements for the Fiscal Officer.
- Based on the actual checks cashed (per the bank statements) for OPERS it appears OPERS may have been underpaid by \$1,351.

We recommend the Fiscal Officer compensate in accordance with the Ohio Revised Code. The Fiscal Officer should institute controls to ensure all payrolls are properly reported on the UAN system. Any underpayments should be discussed with the Trustees and properly paid. This will help to ensure payroll is properly reported for the Township.

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Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-010

Noncompliance / Significant Deficiency - Retirement System/ IRS

Ohio Rev. Code, §145.03, generally requires compulsory membership of employees to the Ohio Public Employees Retirement Systems (OPERS). Section 145.47, Revised Code, requires member contribution.

Section 145.48, Revised Code, requires employer contribution. Internal Revenue Code (IRC) Chapter 26 Section 3102 (a) states the tax imposed by Section 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

During our testing of payroll, we noted the following:

- The Township did not submit the correct amount of retirement deductions for 2020. Based on the actual checks cashed (per the bank statements) and our calculations for OPERS it appears OPERS may have been underpaid by \$3,014.
- Because the Township transactions were not posted timely, accurately and reconciled with the UAN system the payroll does not agree with what was actually paid to the employees and elected officials. Federal and State Taxes were underpaid along with OPERS.
- Total payroll paid per the bank statements and payments posted to the UAN system was \$81,942 and \$63,435 respectively for a difference of \$18,507. This difference represents payroll paid without any taxes deducted along with OPERS payments due from the employee and employer. The Road Supervisor's payroll was \$13,000 under-reported to the IRS and State along with OPERS.

Because of these differences noted above and the files did not contain any reconciliation for the OPERS payments made to the payroll payments we were unable to determine if the proper amount of payroll taxes were deducted and if the W-2's was accurately reported.

The Fiscal Officer should review the payroll withholdings and determine how much was underpaid to the IRS and State along with OPERS and remit any underpayments. She should contact the IRS to determine if the Township will need to resubmit updated W2s for 2019 and determine if any penalties will be applicable for the Township.

The Fiscal Officer should post all payroll payments made to the UAN system and implement procedures to insure all employees OPERS and taxes are properly deducted, reconciled to the payroll ledgers and remitted.

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Bucyrus Township
Crawford County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-011

Significant Deficiency - Presentation of Footnotes and Financial Statements in the Hinkle System

Footnotes to the financial statements are an integral part to the financial statements upon review of the footnotes accompanying the financial statements submitted to the Hinkle system the following were noted. All applicable corrections were made.

Budgetary Activity Footnote 4

The December 31, **2020** financial report submitted to the Hinkle system reflected in Footnote 4:

- Actual Receipts in the footnote for General Fund reported an amount of \$116,072. The audited amount in the audit report reflects \$88,766 for a variance of \$27,306. Actual Receipts in the footnotes for Special Revenue Fund reported an amount of \$181,549. The audited amount in the audit report reflects \$224,866 for a variance of \$43,317.
- Budgetary Expenditures in the General Fund reported an amount of \$63,809. The amount in the audit report reflects \$68,464 for a variance of \$4,655. Budgetary Expenditures in the Special Revenue Fund reported an amount of \$164,081. The amount in the audit report reflects \$179,031 for a variance of \$14,950.

The December 31, **2019** financial report submitted to the Hinkle system reflected in Footnote 4:

- Actual Receipts in the footnote for General Fund reported an amount of \$86,564. The audited amount in the audit report reflects \$84,110 for a variance of \$2,454. Actual Receipts in the footnotes for Special Revenue Fund reported an amount of \$201,670. The audited amount in the audit report reflects \$224,721 for a variance of \$23,051.
- Budgetary Expenditures in the General Fund reported an amount of \$109,279. The amount in the audit report reflects \$93,274 for a variance of \$16,005. Budgetary Expenditures in the Special Revenue Fund reported an amount of \$119,665. The amount in the audit report reflects \$155,815 for a variance of \$36,150.

Deposits and Investments Footnote 5

The December 31, 2020 financial report submitted to the Hinkle system reflected in Footnote 5 – Deposits and Investments total as \$23,985. The amount in the audit report is \$232,416 for a variance of \$208,431. The December 31, 2019 financial report submitted to the Hinkle system reflected in Footnote 5 as \$165,282. The amount in the audit report is \$166,279 for a variance of \$997. The amounts should be derived from the year end reconciliation. The report properly reflects the correct balances. Total Deposits and Investments should agree to the total Financial Statement Year End Balance.

The Township should ensure the footnote accurately represent the financial position of the Township before submitting to the Hinkle system.

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Bucyrus Township
Crawford County

Schedule of Prior Audit Findings
December 31, 2020 and 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2018-001	Material Weakness – Financial Reporting	Not Corrected	Not Corrected. Repeated as 2020-007
2018-002	Material Weakness – Monthly Bank to Book Reconciliations	Not Corrected	Not Corrected. Repeated as 2020-008
2018-003	Noncompliance/ Material Weakness ORC §5705.10(A), ORC §5705.10(C), ORC §5705.10(D), ORC §5705.10(I) – Revenue and Expenditure Posting	Not Corrected	Not Corrected. Repeated as 2020-006

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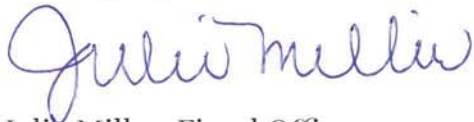
Craig Miller, Trustee
Chuck Grau, Trustee
JD Hord, Trustee
Julie Miller, Fiscal Officer

December 19, 2021

To Whom It May Concern,

The Bucyrus Township Trustees and Fiscal Officer have taken appropriate corrective actions to implement the needed improvements identified in the township's 2019/2020 audit. We believe all the improvements will be made by the next audit and therefore there should be no further issues in these matters.

Thank you,



Julie Miller, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



BUCYRUS TOWNSHIP

CRAWFORD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/11/2022

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

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