

**Buck Township
Hardin County, Ohio
Financial Statements
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Buck Township
14064 TR 135
Kenton, Ohio 43326

We have reviewed the *Independent Auditors' Report* of Buck Township, Hardin County, prepared by Taylor, Applegate, Hughes and Associates, Ltd., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Mary Taylor, CPA
Auditor of State

July 8, 2008

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Hardin County, Ohio

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INDEPENDENT AUDITORS' REPORT

Buck Township
14064 TR 135
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Buck Township, Hardin County, Ohio, (the Township), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revision to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated

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Hardin County
Independent Auditors' Report
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under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effect of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects the combined fund cash balances and reserves for encumbrances of Buck Township, Hardin County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2007 and 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 2008 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opinion on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of than audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
May 12, 2008

**BUCK TOWNSHIP
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	14,835	104,583	-	-	119,418
Licenses, Permits, and Fees	800	4,200	-	-	5,000
Intergovernmental	92,654	131,554	29,415	-	253,623
Earnings on Investments	11,669	5,148	-	109	16,926
Miscellaneous	<u>54</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,554</u>
Total Cash Receipts	<u>120,012</u>	<u>246,985</u>	<u>29,415</u>	<u>109</u>	<u>396,521</u>
Cash Disbursements:					
Current:					
General Government	46,040	26,274	-	-	72,314
Public Safety	-	36,131	-	-	36,131
Public Works	-	89,674	-	-	89,674
Health	19,694	51,820	-	280	71,794
Conservation-Recreation	-	7,745	-	-	7,745
Capital Outlay	<u>-</u>	<u>28,217</u>	<u>29,415</u>	<u>-</u>	<u>57,632</u>
Total Cash Disbursements	<u>65,734</u>	<u>239,861</u>	<u>29,415</u>	<u>280</u>	<u>335,290</u>
Total Receipts Over/(Under) Disbursements	<u>54,278</u>	<u>7,124</u>	<u>-</u>	<u>(171)</u>	<u>61,231</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		10,000			10,000
Transfers-Out	(10,000)				(10,000)
Other Financing Sources	<u>278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278</u>
Total Other Financing Receipts/(Disbursements)	<u>(9,722)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>278</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	<u>44,556</u>	<u>17,124</u>	<u>-</u>	<u>(171)</u>	<u>61,509</u>
Fund Cash Balance, January 1	<u>55,580</u>	<u>333,153</u>	<u>-</u>	<u>4,383</u>	<u>393,116</u>
Fund Cash Balance, December 31	<u>100,136</u>	<u>350,277</u>	<u>-</u>	<u>4,212</u>	<u>454,625</u>
Reserve for Encumbrances, December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

**BUCK TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	16,357	117,593	-	-	133,950
Licenses, Permits, and Fees	650	3,100	-	-	3,750
Intergovernmental	90,511	121,659	20,865	-	233,035
Earnings on Investments	7,488	6,556	-	104	14,148
Miscellaneous	-	2,975	-	-	2,975
	<u>115,006</u>	<u>251,883</u>	<u>20,865</u>	<u>104</u>	<u>387,858</u>
Cash Disbursements:					
Current:					
General Government	51,327	19,520	-	-	70,847
Public Safety	-	37,263	-	-	37,263
Public Works	-	94,776	-	-	94,776
Health	21,037	51,180	-	-	72,217
Conservation-Recreation	-	7,675	-	-	7,675
Capital Outlay	-	22,064	20,865	-	42,929
	<u>72,364</u>	<u>232,478</u>	<u>20,865</u>	<u>-</u>	<u>325,707</u>
Total Receipts Over/(Under) Disbursements	<u>42,642</u>	<u>19,405</u>	<u>-</u>	<u>104</u>	<u>62,151</u>
Other Financing Receipts/(Disbursements):					
Other Financing Sources	1,398	-	-	-	1,398
Total Other Financing Receipts/(Disbursements)	<u>1,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	<u>44,040</u>	<u>19,405</u>	<u>-</u>	<u>104</u>	<u>63,549</u>
Fund Cash Balance, January 1	<u>11,540</u>	<u>313,748</u>	<u>-</u>	<u>4,279</u>	<u>329,567</u>
Fund Cash Balance, December 31	<u>55,580</u>	<u>333,153</u>	<u>-</u>	<u>4,383</u>	<u>393,116</u>
Reserve for Encumbrances, December 31	<u>2,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,350</u>

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

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Buck Township, Hardin County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township contracts with Pleasant Township, Hardin County and the City of Kenton, Ohio to provide fire services to its residents.

The Township participates in three jointly governed organizations and the Ohio Township Association Risk Management Authority public entity risk pool. Notes 6 and 7 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

BKP Ambulance District – provides ambulance services within the District

Hardin County Regional Planning Commission – makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County

Grove Cemetery Association – provides a cemetery for residents and non-residents of Hardin County

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority – provides property and casualty coverage

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is used for reporting 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 is used to receive property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund is used to receive gasoline tax money to pay for constructing, maintaining, and repairing Township streets.

Motor Vehicle License Tax Fund - This fund is used to receive tax money for maintaining and repairing township roads.

Cemetery Fund - This fund is used to receive money and fees from the sale of lots, grave openings and grave closings for the purpose of maintaining and operating the Township cemeteries.

Grove Special Levy Fund - This fund is used to receive money from a special levy for the purpose of cemetery maintenance.

Fire Special Levy Fund - This fund is used to receive money from a special levy for the purpose of fire protection.

3. Permanent Fund

These funds account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Township's programs. The Township had the following permanent fund:

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Cemetery Bequest Funds – these funds account for resources restricted by legally binding agreements.

4. Capital Project Funds

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

Township Road 195 Reconstruction - This fund received an Ohio Public Works Commission Grant for reconstruction of Township Road 195. The Township was required to pay matching funds.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2007 and 2006 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.

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand Deposits	186,625	180,116
Certificates of deposit	<u>268,000</u>	<u>213,000</u>
Total	454,625	393,116

Deposits

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

3. BUDGETARY ACTIVITY

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$61,737	\$120,290	\$58,553
Special Revenue	259,498	256,985	(2,513)
Capital Project	29,415	29,415	-0-
Permanent	<u>105</u>	<u>109</u>	<u>4</u>
Total	<u>\$350,755</u>	<u>\$406,799</u>	<u>\$56,044</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$71,837	\$75,734	\$(3,897)
Special Revenue	567,347	239,861	327,486
Capital Project	29,415	29,415	-0-
Permanent	<u>1,489</u>	<u>280</u>	<u>1,209</u>
Total	<u>\$670,088</u>	<u>\$345,290</u>	<u>\$324,798</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$52,459	\$116,404	\$63,945
Special Revenue	219,341	251,883	32,542
Capital Project	50,280	20,865	(29,415)
Permanent	<u>135</u>	<u>104</u>	<u>(31)</u>
Total	<u>\$322,215</u>	<u>\$389,256</u>	<u>\$67,041</u>

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$63,855	\$74,714	(\$10,859)
Special Revenue	532,318	232,478	299,840
Capital Project	50,280	20,865	29,415
Permanent	<u>1,415</u>	<u>-0-</u>	<u>1,415</u>
Total	<u>\$647,868</u>	<u>\$328,057</u>	<u>\$319,811</u>

The \$3,897 and \$10,859 excess of expenditures over appropriation authority resulted from a reallocation of Trustee salaries from the Gasoline Tax Fund to the General Fund subsequent to year-end, for 2007 and 2006 respectively.

4. PROPERTY TAXES

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the Board. 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. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. OPERS' members contributed 9.5 percent (2007) and 9.0 percent (2006) of their gross salaries. The Township contributed an amount equaling 13.85 percent (2007) and 13.7 percent (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

6. RISK MANAGEMENT

Risk Pool Membership

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

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

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

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$25,000, up to \$1.75 million per claim and \$10 million in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$250,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2.65 million for each claim and \$10 million in the aggregate per year. Townships can elect additional coverage up to \$10 million with the General Reinsurance Corporation, through contacts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$56 million per year, subject to a per-claim limit of \$2 million (for claims prior to January 1, 2006) or \$3 million (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

6. RISK MANAGEMENT, Continued

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

Financial Position

OTARMA's financial statements (audited by other accountants) are in conformity with generally accepted accounting principals, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available).

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	\$20,587,360	\$18,141,062
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained Earnings	\$9,344,254	\$7,771,765

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,000. This payable included the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Contributions to OTARMA</u>	
2005	\$5,509
2006	\$4,922
2007	\$3,214

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

6. RISK MANAGEMENT, Continued

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

7. JOINTLY GOVERNED ORGANIZATIONS

BKP Ambulance District

The BKP Ambulance District (the District) is a jointly governed organization consisting of Buck, Cessna, Dudley, Goshen, Lynn and Pleasant Townships; and the City of Kenton. A seven-member Board of Trustees governs the District with each political subdivision with the District appointing one member. The District provides ambulance services within the District. Financial information can be obtained from Vicki Collins, Clerk, 439 South Main Street, Kenton, Ohio 43326.

Hardin County Regional Planning Commission

The Hardin County Regional Planning Commission (the Commission) is a joint venture between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326

Grove Cemetery Association

The Grove Cemetery Association (the Cemetery) is a jointly-governed organization consisting of Buck, Pleasant, and Goshen Townships in Hardin County, and the City of Kenton. The Association is governed by a board of directors consisting of one representative from each township and the city. The degree of control exercised by any participating entity is limited to its representation on the board.

**BUCK TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2007 and 2006**

7. JOINTLY GOVERNED ORGANIZATIONS, Continued

Grove Cemetery Association, Continued

Operating funds for the Association are provided from property taxes assessed against the property owners located within the townships and the city making up the Cemetery and charges assessed for services of the Association. Financial information may be obtained from Roger Crowe, Clerk, 15443 St. Rt. 309, Kenton, Ohio 43326.

8. RELATED PARTIES

Buck Township is a part of The Grove Cemetery Association as noted in the preceding note. The Fiscal Officer of Buck Township is the Clerk for the Cemetery Association. Buck Township receives tax money voted on by a levy and distributes the money to the Cemetery Association.

9. FUND CASH BALANCES

The General Fund Cash Balance at January 1, 2006 reflects an increase of \$13 from the General Fund Cash Balance at December 31, 2005 on the December 31, 2005 and 2004 financial statement. After the financial statements were issued the fiscal officer voided a check in November 2006 that was written in 2005.

10. INTERFUND TRANSFERS

During 2007 the following transfer was made:

Transfer from the General Fund to:	
Cemetery Fund	\$10,000

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**Independent Auditors' Report on Internal Control over Financial
Reporting and On Compliance and Other Matters Required By
*Government Auditing Standards***

Buck Township
14064 TR 135
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of Buck Township, Hardin County, (the Township) as of and for the years ended December 31, 2007, and December 31, 2006, and have issued our report thereon dated May 12, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

Internal Control Over Financial Reporting, Continued

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-01 through 2007-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings numbered 2007-001 through 2007-02 are also material weaknesses.

Compliance

As part of reasonably assuring whether the Township's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially effect 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 instances of noncompliance or other matters that we must report under Governmental Auditing Standards, which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We intend this report solely for the information and use of management, the audit committee and the Board of Trustees. It is not intended for anyone other than these specified parties.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
May 12, 2008

**BUCK TOWNSHIP
HARDIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and 2006**

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

FINDING NUMBER 2007-01

Noncompliance/Material Weakness

Ohio Rev. Code 505.24(C) permits trustees to receive annual salaries instead of per diem payments. When paid by salary, ORC 505.24(C) does not prescribe a “documentation of time spent” requirement. However, for salaries not paid from the general fund, 2004 Op. Atty. Gen. No. 2004-036 requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the type of services rendered. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as Trustees document all time spent on township business and the type of service performed, in a manner similar to Trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from funds other than the General Fund.

During 2006, \$25,305 of the Trustees’ salaries, taxes and OPERS was paid from the Gasoline Tax Fund. The Trustees did not start documenting their time spent on the Township business and the type of service performed until mid-May 2006. This resulted in the following audit adjustment that is included in the accompanying financial statements:

<u>Fund</u>	<u>Function</u>	<u>Debit</u>	<u>Credit</u>
General	General Government	\$11,301	
Gasoline Tax	General Government		\$11,301

Resolutions to pay Trustees by salary should specify how the Township will allocate salaries based on documentation the Trustees submit, not based on percentages a resolution specifies. In addition, the Trustees should submit, at least on an annual basis, documentation indicating the hours and type of service performed to support their salary allocation.

Township Response:

The Fiscal Officer was made aware of the requirement to document Trustee activities to establish the basis for division of salary at either the Ohio Township Association Winter Conference or at the Auditor of State Local Government Officials’ Conference in the spring of 2006. Shortly thereafter, activity recording sheets were developed and implemented to record the Trustees’ activities. The basis for the 2007 division of Trustee salaries was based upon these sheets. The township complied with this requirement as soon as the Fiscal Officer was made aware of the requirement and continues to utilize the activity sheets on a monthly basis.

FINDING NUMBER 2007-02

Noncompliance/Material Weakness

The Township Handbook requires the Fiscal Officer's salary to be expended out of the General Fund only. During 2007 and 2006, the Fiscal Officer's salary was paid entirely out of the Road & Bridge Fund. This resulted in the following audit adjustment that is included in the accompanying financial statements:

<u>Fund</u>	<u>Function</u>	<u>Debit</u>	<u>Credit</u>
2007			
General	General Government	\$13,762	
Road & Bridge	General Government		\$13,762
2006			
General	General Government	\$14,004	
Road & Bridge	General Government		\$14,004

Township Response:

The Fiscal Officer's salary had been taken from the Road & Bridge Fund due to a very low carry-over balance in the General Fund to begin 2006. Subsequently, the township has received over \$110,000 in Inheritance Tax into the General Fund in 2006 and 2007 combined. The Fiscal Officer's salary was appropriated from the General Fund for 2008 prior this audit finding.



Mary Taylor, CPA
Auditor of State

BUCK TOWNSHIP

HARDIN 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
JULY 22, 2008**