



**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**



**Dave Yost • Auditor of State**



**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings.....	18

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Bucyrus Township, Crawford County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***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 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 opinion.

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

As described in Note 1 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, to satisfy these requirements.

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 permitted 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 Township as of December 31, 2014 and 2013, or 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 combined cash balances of Bucyrus Township, Crawford County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2015, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 1, 2015

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 24,388	\$ 100,568	\$ 124,956
Intergovernmental	6,963	122,164	129,127
Earnings on Investments	20	4	24
Miscellaneous	3,295	2,700	5,995
<i>Total Cash Receipts</i>	<u>34,666</u>	<u>225,436</u>	<u>260,102</u>
<b>Cash Disbursements</b>			
Current:			
General Government	46,905	-	46,905
Public Safety	-	22,669	22,669
Public Works	51,640	139,087	190,727
Health	10,025	-	10,025
Capital Outlay	-	121,207	121,207
<i>Total Cash Disbursements</i>	<u>108,570</u>	<u>282,963</u>	<u>391,533</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(73,904)</u>	<u>(57,527)</u>	<u>(131,431)</u>
<b>Other Financing Receipts</b>			
Sale of Bonds	-	121,207	121,207
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>121,207</u>	<u>121,207</u>
<i>Net Change in Fund Cash Balances</i>	(73,904)	63,680	(10,224)
<i>Fund Cash Balances, January 1</i>	<u>108,714</u>	<u>82,451</u>	<u>191,165</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	122,026	122,026
Committed	-	24,105	24,105
Assigned	34,810	-	34,810
<i>Fund Cash Balances, December 31</i>	<u>\$ 34,810</u>	<u>\$ 146,131</u>	<u>\$ 180,941</u>

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

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 23,837	\$ 75,089	\$ -	\$ 98,926
Charges for Services	-	14,400	-	14,400
Intergovernmental	7,122	105,414	-	112,536
Earnings on Investments	53	5	-	58
Miscellaneous	6,957	1,892	-	8,849
<i>Total Cash Receipts</i>	<u>37,969</u>	<u>196,800</u>	<u>-</u>	<u>234,769</u>
<b>Cash Disbursements</b>				
Current:				
General Government	49,382	-	-	49,382
Public Safety	-	24,182	-	24,182
Public Works	140,354	169,507	-	309,861
Health	2,739	-	-	2,739
Capital Outlay	-	-	24,719	24,719
<i>Total Cash Disbursements</i>	<u>192,475</u>	<u>193,689</u>	<u>24,719</u>	<u>410,883</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(154,506)</u>	<u>3,111</u>	<u>(24,719)</u>	<u>(176,114)</u>
<b>Other Financing Receipts</b>				
Other Debt Proceeds	-	-	24,719	24,719
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>-</u>	<u>24,719</u>	<u>24,719</u>
<i>Net Change in Fund Cash Balances</i>	<u>(154,506)</u>	<u>3,111</u>	<u>-</u>	<u>(151,395)</u>
<i>Fund Cash Balances, January 1</i>	<u>263,220</u>	<u>79,340</u>	<u>-</u>	<u>342,560</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	57,985	-	57,985
Committed	-	24,466	-	24,466
Assigned	108,714	-	-	108,714
<i>Fund Cash Balances, December 31</i>	<u>\$ 108,714</u>	<u>\$ 82,451</u>	<u>\$ -</u>	<u>\$ 191,165</u>

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



**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 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.

The Township participates in a jointly governed organization and a public entity risk pool. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

*Ohio Township Association Risk Management Authority* – OTARMA provides property and casualty coverage for its members.

Jointly Governed Organization:

*Central Joint Ambulance District* – CJAD provides ambulance services for the Township.

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

**B. Accounting Basis**

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.

**C. Deposits**

The Township maintains an interest bearing checking account.

**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:

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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:

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

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

Special Levy Fund – This fund receives property tax money for the purpose of providing and maintaining fire equipment.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Capital Projects Fund - The Township received a loan in 2013 from the Ohio Public Works Commission for the leveling and resurfacing of Heinle Road.

**E. Budgetary Process**

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

**1. Appropriations**

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

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**3. 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 2014 and 2013 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

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.

**G. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

	2014	2013
Demand deposits	\$180,941	\$191,165

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,088	\$34,666	\$3,578
Special Revenue	324,581	346,643	22,062
Total	\$355,669	\$381,309	\$25,640

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$164,404	\$108,570	\$55,834
Special Revenue	382,422	282,963	99,459
Total	\$546,826	\$391,533	\$155,293

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,989	\$37,969	\$4,980
Special Revenue	188,524	196,801	8,277
Capital Projects	24,719	24,719	0
Total	\$246,232	\$259,489	\$13,257

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$296,209	\$192,475	\$103,734
Special Revenue	267,858	193,689	74,169
Capital Projects	24,719	24,719	0
Total	\$588,786	\$410,883	\$177,903

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
OPWC Loan	\$22,247	0%
Fire Equipment Bonds	121,207	2.49%
Total	\$143,454	

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 2023.

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. Debt (Continued)**

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%. The final payment will be made in September 2019.

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

Year ending December 31:	Fire Equipment Bonds	OPWC Loan
2015	\$26,040	\$2,472
2016	26,040	2,472
2017	26,040	2,472
2018	26,040	2,472
2019	26,040	2,472
2020-2024	0	9,887
Total	\$130,200	\$22,247

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**7. Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. Risk Management (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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

<u>Contributions to OTARMA</u>	
<u>013</u>	<u>2014</u>
\$9,470	\$10,362

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. Risk Management (Continued)**

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**8. Jointly Governed Organization**

The Central Joint Ambulance District (the District) is a jointly governed 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.





# Dave Yost • Auditor of State

## 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  
1449 State Route 98  
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 Bucyrus Township, Crawford County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 1, 2015, 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.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of findings to be material weaknesses.

***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-002 and 2014-003.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 1, 2015

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments and reclassifications were deemed material and required posting to the Township's December 31, 2014 financial statements.

- Refunded expenditure in the amount of \$35,207 was improperly recorded as a miscellaneous receipt rather than a reduction of public works expenditures in the General fund.
- Adjustment to move \$23,348 in trustees' salaries from the Gasoline Tax special revenue fund to the General fund (see Finding 2014-002 for further detail).
- Reclassification of \$34,810 fund balance in General fund from unassigned to assigned due to fiscal year 2015 appropriations exceeding 2015 estimated receipts.
- Reclassification of homestead and rollback receipts totaling \$12,199 misposted as property taxes rather than intergovernmental receipts in the Road and Bridge, Fire District, Road District, and Special Levy special revenue funds.
- Reclassifications of a \$10,000 fire equipment grant misposted as miscellaneous receipt rather than intergovernmental receipt in the Fire District special revenue fund.
- Adjustment to record fire equipment bond proceeds in the amount of \$121,207 and related on-behalf expenditure in the Special Levy special revenue fund.
- Refunded expenditure in the amount of \$10,000 was improperly recorded as a miscellaneous receipt rather than a reduction of public safety expenditures in the Special Levy special revenue fund.
- Reclassification of \$24,105 fund balance for inside millage in the Road and Bridge special revenue fund from restricted to committed.

The following adjustments and reclassifications were deemed material and required posting to the Township's December 31, 2013 financial statements.

- Adjustment to move \$24,604 in trustees' salaries from the Gasoline Tax special revenue fund to the General fund (see Finding 2014-002 for further detail).
- Reclassification of \$108,714 fund balance in General fund from unassigned to assigned due to fiscal year 2014 appropriations exceeding 2014 estimated receipts.
- Reclassification of homestead and rollback receipts totaling \$11,541 misposted as property taxes rather than intergovernmental receipts in the Road and Bridge, Fire District, and Road District special revenue funds.
- Reclassification of mowing service receipts in the amount of \$14,400 misposted as miscellaneous receipts rather than charges for services in the Road and Bridge special revenue fund.
- Reclassification of \$24,466 fund balance for inside millage in the Road and Bridge special revenue fund from restricted to committed.
- Adjustment to record Ohio Public Works Commission (OPWC) loan proceeds in the amount of \$24,719 and related on-behalf expenditure in the Capital Projects fund (see Finding 2014-003 for further detail).

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**FINDING NUMBER 2014-001 (Continued)**

**Material Weakness – Financial Reporting (Continued)**

The Township has recorded these adjustments and reclassifications to the financial statements and accounting records.

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.

**Officials' Response:** We did not receive a response from officials to this finding.

**FINDING NUMBER 2014-002**

**Noncompliance/Material Weakness - Allocation of Trustee Compensation**

**Ohio Rev. Code § 505.24(C)** sets forth the method by which township trustees' compensation should be allocated. This section states that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from funds in proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Auditor of State Bulletin 2011-007 further states each township trustee and township fiscal officer that is compensated from funds other than the general fund must complete the certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized.

In 2013 and 2014, the Township allocated trustee salaries to the Gasoline Tax fund in the amounts of \$24,604 and \$23,348, respectively. The Board approved paying eleven months of trustees' salaries from the Gasoline Tax fund and one month from the General fund; however, the trustees did not complete the certifications required by Ohio Rev. Code Section 505.24(C), nor did they complete timesheets or logs to support this allocation.

Based on the facts above, the 2013 financial statements and accounting records have been adjusted to reflect the movement of trustee salaries back to the General fund in the amount of \$24,604. The 2014 financial statements and accounting records have been adjusted to reflect the movement of trustee salaries back to the General fund in the amount of \$23,348.

We recommend the trustees certify the percentage of time spent working on matters to be paid from the general fund and from other Township funds as required.

**Officials' Response:** We did not receive a response from officials to this finding.

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**FINDING NUMBER 2014-003**

**Noncompliance/Material Weakness – On-Behalf Payments**

**Ohio Rev. Code § 5705.42** requires in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates when a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2013, the Ohio Public Works Commission (OPWC) expended \$24,719 for a road project on behalf of the Township. Under the terms of this agreement, OPWC made project payments directly to the vendor/contractor on the Township's behalf. This amount was not recognized as a receipt and disbursement, nor was it included in the appropriations or estimated resources, in the Township's accounting records, thus understating the Capital Project's debt proceed receipts and capital outlay disbursements, along with understating the Capital Project's fund appropriations and estimated resources. This was caused by the Township not having procedures in place for recording on-behalf of payments. An adjustment was made to the financial statements and notes to recognize this receipt and disbursement.

Any payments made on behalf of the Township by another party should be recorded by the Township as a receipt and disbursement. See AOS Bulletin 2000-008 for further guidance on posting the on-behalf of activity. Failure to do so results in an understatement of receipts and disbursements. Additionally, since this grant is deemed to be appropriated pursuant to Ohio Rev. Code Section 5705.42, the Township should record the appropriations in their accounting records and should request an amended certificate of estimated resources to reflect the additional receipts.

**Officials' Response:** We did not receive a response from officials to this finding.

**BUCYRUS TOWNSHIP  
CRAWFORD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Material Weakness – Posting Receipts and Disbursements	No	Reissued as Finding 2014-001



# Dave Yost • Auditor of State

**BUCYRUS TOWNSHIP**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 5, 2015**