



**Auditor of State  
Betty Montgomery**



BYRD TOWNSHIP  
BROWN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Byrd Township  
Brown County  
6315 Huff Hill Road  
Russellville, Ohio 45168

To the Board of Trustees:

We have audited the accompanying financial statements of Byrd Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

May 29, 2003

**BYRD TOWNSHIP  
BROWN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$11,390	\$29,820	\$0	\$41,210
Intergovernmental	24,217	65,303		89,520
Earnings on Investments	554	698	44	1,296
Other Revenue		16,944		16,944
	<u>36,161</u>	<u>112,765</u>	<u>44</u>	<u>148,970</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	47,128	10,133		57,261
Public Safety		22,018		22,018
Public Works		132,753		132,753
Health		8,277		8,277
Debt Service:				
Redemption of Principal		8,890		8,890
Interest and Fiscal Charges		2,792		2,792
Capital Outlay		822		822
	<u>47,128</u>	<u>185,685</u>	<u>0</u>	<u>232,813</u>
<b>Total Cash Disbursements</b>				
Total Receipts Under Disbursements	<u>(10,967)</u>	<u>(72,920)</u>	<u>44</u>	<u>(83,843)</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	<u>84</u>	<u>826</u>		<u>910</u>
<b>Total Other Financing Receipts</b>	<u>84</u>	<u>826</u>	<u>0</u>	<u>910</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(10,883)	(72,094)	44	(82,933)
Fund Cash Balances, January 1	<u>12,814</u>	<u>105,682</u>	<u>1,265</u>	<u>119,761</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,931</b></u>	<u><b>\$33,588</b></u>	<u><b>\$1,309</b></u>	<u><b>\$36,828</b></u>

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

**BYRD TOWNSHIP  
BROWN COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$11,728	\$31,422	\$0	\$43,150
Intergovernmental	17,564	102,615		120,179
Earnings on Investments	2,006	2,022	57	4,085
Other Revenue		13,555		13,555
<b>Total Cash Receipts</b>	<b>31,298</b>	<b>149,614</b>	<b>57</b>	<b>180,969</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	35,043	52,132		87,175
Public Safety		21,025		21,025
Public Works		65,043		65,043
Health		4,368		4,368
Debt Service:				
Redemption of Principal		8,890		8,890
Interest and Fiscal Charges		3,342		3,342
Capital Outlay		3,718		3,718
<b>Total Cash Disbursements</b>	<b>35,043</b>	<b>158,518</b>	<b>0</b>	<b>193,561</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(3,745)</b>	<b>(8,904)</b>	<b>57</b>	<b>(12,592)</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	25,000	27,000		52,000
Advances-Out	(27,000)	(25,000)		(52,000)
Other Sources	46	30,283	0	30,329
Other Uses		(29,084)		(29,084)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(1,954)</b>	<b>3,199</b>	<b>0</b>	<b>1,245</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(5,699)</b>	<b>(5,705)</b>	<b>57</b>	<b>(11,347)</b>
<b>Fund Cash Balances, January 1</b>	<b>18,513</b>	<b>111,387</b>	<b>1,208</b>	<b>131,108</b>
<b>Fund Cash Balances, December 31</b>	<b><u>\$12,814</u></b>	<b><u>\$105,682</u></b>	<b><u>\$1,265</u></b>	<b><u>\$119,761</u></b>

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



**BYRD TOWNSHIP  
BROWN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Byrd Township, Brown County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance cemetery maintenance, fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash Deposits**

The Township maintains all funds in an interest-bearing checking account and a certificate of deposit. The certificate of deposit is valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Fire Levy Fund

This fund receives proceeds from a real estate tax levy for providing fire protection to Township residents.

Gasoline Tax Fund

This fund receives gasoline tax money to construct, maintain and repair Township roads.

**BYRD TOWNSHIP  
BROWN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Fund (Non-expendable Trust)**

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following fiduciary fund:

Cemetery Bequest Fund

The fund was established as a result of a bequest of money restricted for the maintenance of the Township's cemetery. The principal balance of the fund is to be maintained, with the interest proceeds to be used for cemetery maintenance.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. There were no material outstanding encumbrances at December 31, 2002 and 2001.

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH DEPOSITS**

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

**BYRD TOWNSHIP  
BROWN COUNTY**

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

**2. EQUITY IN POOLED CASH DEPOSITS (Continued)**

	2002	2001
Demand deposit	\$35,517	\$118,496
Certificates of deposit	1,309	1,265
Total deposits	<u>\$36,826</u>	<u>\$119,761</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation (2) collateralized by the financial institution's public entity pledge pool.

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,975	\$36,245	(\$1,730)
Special Revenue	119,430	113,591	(5,839)
Total	<u>\$157,405</u>	<u>\$149,836</u>	<u>(\$7,569)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,289	\$47,128	\$4,161
Special Revenue	225,115	185,685	39,430
Total	<u>\$276,404</u>	<u>\$232,813</u>	<u>\$43,591</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,120	\$31,344	\$1,224
Special Revenue	130,850	179,897	49,047
Total	<u>\$160,970</u>	<u>\$211,241</u>	<u>\$50,271</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,601	\$35,043	\$15,558
Special Revenue	241,268	187,602	53,666
Total	<u>\$291,869</u>	<u>\$222,645</u>	<u>\$69,224</u>

The Township had expenditures exceeding appropriations in the Schoolhouse Fund by \$3,914 for 2001.

**BYRD TOWNSHIP  
BROWN COUNTY**

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

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Acquisition Notes	<u>\$35,561</u>	6.27%

The Fire Truck Acquisition Notes were issued in 1997 for the purchase of a new fire truck. The notes will be repaid over ten years with not less than the principal amount on the \$80,000 note being paid annually. The final note will mature on September 5, 2007.

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

<u>Year ending December 31:</u>	<u>Fire Truck Acquisition Notes</u>
2003	\$11,120
2004	10,567
2005	10,005
2006	9,448
Total	<u>\$41,140</u>

**6. RETIREMENT SYSTEMS**

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

**BYRD TOWNSHIP  
BROWN COUNTY**

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

**6. RETIREMENT SYSTEMS (Continued)**

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland marine
- Township official's liability

**8. COMPLIANCE**

The Motor Vehicle Fund had a negative fund balance at December 31, 2002 of \$4,736.

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**Auditor of State  
Betty Montgomery**

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

Byrd Township  
Brown County  
6315 Huff Hill Road  
Russellville, Ohio 45168

To the Board of Trustees:

We have audited the accompanying financial statements of Byrd Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-40408-001 and 2002-40408-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 29, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2002-40408-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 29, 2003.

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

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

**Betty Montgomery**  
Auditor of State

May 29, 2003



BYRD TOWNSHIP  
BROWN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-40408-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations in the Schoolhouse Fund for 2001:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Special Revenue (Schoolhouse)	\$6,191	\$10,105	(\$3,914)

The Clerk Treasurer should deny payment requests exceeding appropriations. The Treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2002-40408-002

Material Noncompliance

Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. The Motor Vehicle Fund had a negative fund balance at December 31, 2002 of \$4,736. "As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund."

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**BYRD TOWNSHIP  
BROWN COUNTY**

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

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>
2000-40408-001	Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations.	No.	Not corrected, cited again during current audit period.
2000-40408-002	Ohio Rev. Code Section 5575.01, contracts exceeding \$15,000 should be bid.	Yes.	
2000-40408-003	Ohio Rev. Code Section 5705.41(D), purchase order dates should precede invoice dates.	Yes.	





**Auditor of State  
Betty Montgomery**

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**BYRD TOWNSHIP**

**BROWN 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  
JUNE 24, 2003**