

VAN BUREN TOWNSHIP

DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 – 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Van Buren Township
3931 Arcanum-Bears Mill Road
Arcanum, Ohio 45304

We have reviewed the *Independent Auditors' Report* of Van Buren Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

Finding for Recovery – Repaid Under Audit

The Township inadvertently included the principal amount of the nonexpendable cemetery trust in the Certificate of Estimated Resources in violation of Ohio Rev. Code Section 5705.131.

This inadvertent inclusion of the principal portion of the nonexpendable trust had the following effect on Township Trustee and Fiscal Officer compensation:

Over compensation as determined by Auditor

	<u>2009</u>	<u>2008</u>	<u>Total</u>
David Delk, Trustee	\$ 514.00	\$ 514.00	\$ 1,028.00
Tim Warner, Trustee	\$ 514.00	\$ 514.00	\$ 1,028.00
Jed Smith, Trustee	\$ 514.00	\$ 514.00	\$ 1,028.00
Kent Thompson, Fiscal Officer	\$ 1,414.00	\$ 1,414.00	\$ 2,828.00
			<u>\$ 5,912.00</u>

Board of Trustees
Van Buren Township
3931 Arcanum-Bears Mill Road Arcanum, Ohio 45304
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In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against David Delk, Trustee, in the amount of \$1,028; Tim Warner, Trustee, in the amount of \$1,028; Jed Smith, Trustee, in the amount of \$1,028; and Kent Thompson, Fiscal Officer, in the amount of \$2,828, and in favor of Van Buren Township, Darke County.

Upon notification of the Township officials and the inadvertent error that had occurred, the officials repaid the findings for recovery on April 13, 2010, in the amounts stated above.

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. Van Buren 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

August 11, 2010

**VAN BUREN TOWNSHIP
DARKE COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Van Buren Township
3931 Arcanum-Bears Mill Road
Arcanum, Ohio 45304

We have audited the accompanying financial statements of Van Buren Township, Darke County, (the Township), as of and for the years ended December 31, 2009 and 2008. 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 audits provide 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated 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 effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, or its changes in financial position for the years then ended.

Van Buren Township
Darke County
Independent Auditors' Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Van Buren Township, Darke County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 28, 2010, 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 agreements and other matters. While we did not opine 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 an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 28, 2010

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**VAN BUREN TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

GOVERNMENTAL FUND TYPES				Total
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Taxes	\$ 31,603	\$ 58,190	\$ 0	\$ 89,793
Licenses, Permits and Fees	0	29,431	0	29,431
Intergovernmental	68,779	104,520	0	173,299
Earnings on Investments	378	383	718	1,479
Other	85	8,479	0	8,564
	<u>100,845</u>	<u>201,003</u>	<u>718</u>	<u>302,566</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	47,017	600	0	47,617
Public Safety	79	27,891	0	27,970
Public Works	0	85,314	0	85,314
Health	28,750	24,483	1,700	54,933
Capital Outlay	0	51,390	0	51,390
	<u>75,846</u>	<u>189,678</u>	<u>1,700</u>	<u>267,224</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements				
	<u>24,999</u>	<u>11,325</u>	<u>(982)</u>	<u>35,342</u>
Fund Cash Balances, January 1				
	<u>49,429</u>	<u>137,244</u>	<u>53,625</u>	<u>240,298</u>
Fund Cash Balances, December 31				
	<u>\$ 74,428</u>	<u>\$ 148,569</u>	<u>\$ 52,643</u>	<u>\$ 275,640</u>

The Notes to the Financial Statements are an integral part of this statement.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

GOVERNMENTAL FUND TYPES				
	General	Special Revenue	Permanent Fund	Total (Memorandum Only)
Cash Receipts:				
Taxes	\$ 27,209	\$ 54,478	\$ 0	\$ 81,687
Licenses, Permits and Fees	0	28,860	0	28,860
Intergovernmental	39,255	106,688	0	145,943
Earnings on Investments	1,400	2,261	2,073	5,734
Other	125	14,746	0	14,871
	<u>67,989</u>	<u>207,033</u>	<u>2,073</u>	<u>277,095</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	39,003	805	0	39,808
Public Safety	612	27,225	0	27,837
Public Works	0	78,786	0	78,786
Health	13,975	42,150	938	57,063
Capital Outlay	0	63,601	0	63,601
	<u>53,590</u>	<u>212,567</u>	<u>938</u>	<u>267,095</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>14,399</u>	<u>(5,534)</u>	<u>1,135</u>	<u>10,000</u>
Fund Cash Balances, January 1				
	<u>35,030</u>	<u>142,778</u>	<u>52,490</u>	<u>230,298</u>
Fund Cash Balances, December 31				
	<u>\$ 49,429</u>	<u>\$ 137,244</u>	<u>\$ 53,625</u>	<u>\$ 240,298</u>

The Notes to the Financial Statements are an integral part of this statement.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Van Buren Township of Darke County (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 general governmental services, including street maintenance and fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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 and Investments

All Township funds are held in an interest bearing checking account and certificates of deposits with local commercial banks. The 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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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:

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

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

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

Road District Fund – This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads.

Fire District Fund – This fund receives funding through levies and provides fire protection services for the Township residents.

Motor Vehicle License Tax Fund – This fund receives gasoline tax and motor vehicle license tax money for construction, maintaining and repairing Township roads.

Cemetery Fund – This fund receives the proceeds from the Cemetery operations.

Permanent Funds

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant permanent funds:

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. Budgetary Process

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

Appropriations

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

C. 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 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>2009</u>	<u>2008</u>
Demand Deposits	\$214,743	\$179,401
Certificates of Deposit	<u>60,897</u>	<u>60,897</u>
Total Deposits	<u>\$275,640</u>	<u>\$240,298</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,508	\$ 100,845	\$ 3,337
Special Revenue	202,980	201,003	(1,977)
Permanent	1,500	718	(782)
Total	<u>\$ 301,988</u>	<u>\$ 302,566</u>	<u>\$ 578</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 146,937	\$ 75,846	\$ 71,091
Special Revenue	340,224	189,678	150,546
Permanent	4,228	1,700	2,528
Total	<u>\$ 491,389</u>	<u>\$ 267,224</u>	<u>\$ 224,165</u>

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,438	\$ 67,989	\$ 3,551
Special Revenue	212,810	207,033	(5,777)
Permanent	1,600	2,073	473
Total	<u>\$ 278,848</u>	<u>\$ 277,095</u>	<u>\$ (1,753)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 99,468	\$ 53,590	\$ 45,878
Special Revenue	355,589	212,567	143,022
Permanent	3,193	938	2,255
Total	<u>\$ 458,250</u>	<u>\$ 267,095</u>	<u>\$ 191,155</u>

Contrary to Ohio Law, estimated resources exceeded actual resources in 2009 in the Motor Vehicle License Fund by \$669, Gasoline Tax Fund by \$3,404, Cemetery Fund by \$4,219, Zoning Fund by \$470, and Cemetery Bequest by \$728 and in 2008 in the Motor Vehicle License Fund by \$566, Gasoline Tax Fund by \$402, Cemetery Fund by \$6,751, and the Permissive Motor Vehicle License Fund by \$162.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 be 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 employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, members of OPERS contributed 10 percent of their gross salaries. The Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2009 and 2008.

6. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 650 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

6. RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Van Buren Township
3931 Arcanum-Bears Mill Road
Arcanum, Ohio 45304

To the Board of Trustees:

We have audited the financial statements of the Van Buren Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2009, and 2008, and have issued our report thereon dated June 28, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits 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 audit procedures for the purpose of expressing our opinion 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding Number 2009-004 described in the accompanying schedule of findings to be a material weakness.

Internal Control Over Financial Reporting, (continued)

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 finding numbers 2009-001 and 2009-003 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2009-001, 2009-002, and 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 28, 2010

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Significant deficiency / noncompliance

Ohio Rev. Code Sec. 5705.41 (D), states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This Section also provides exceptions to the above requirements:

- A. Then and Now certificates** – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

If the amount involved is less than \$3,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

- B. Blanket certificate** – The fiscal officer may prepare a blanket certificate against any specific line item account. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- C. Super Blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds for 26 percent and 24 percent of expenditures tested for years 2009 and 2008, respectively, and neither of the above exceptions applied.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001 (Continued)

Failure to properly certify the availability of funds can result in overspending available funds and negative cash fund balances. Effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders. We recommend that Township obtain approved purchase orders, including amounts, which contain the Fiscal Officer’s certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Response: The Fiscal Officer will monitor and properly certify all expenditures in the future.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have estimated receipts significantly in excess of actual receipts:

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2009			
Motor Vehicle License	\$10,100	\$9,431	(\$669)
Gasoline Tax	\$91,000	\$87,596	(\$3,404)
Cemetery	\$41,600	\$37,381	(\$4,219)
Zoning	\$1,000	\$530	(\$470)
Cemetery Bequest	\$1,500	\$718	(\$782)
2008			
Motor Vehicle License	\$10,600	\$10,034	(\$566)
Gasoline Tax	\$92,000	\$91,598	(\$402)
Cemetery	\$48,600	\$41,849	(\$6,751)
Permissive Motor Vehicle License	\$11,800	\$11,638	(\$162)

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-002 (Continued)

Failure to amend the certificate of estimated resources when actual revenue is less than expected (estimated) revenue could result in the Township incurring expenditures in excess of actual available resources.

In addition, budgetary information on the Township's computer records did not agree with the information filed with the County Auditor in both 2009 and 2008. Failure to record the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and go detected and increases the likelihood that the Township's financial statements will be misstated.

Response: Amended certificates will be requested in the future.

FINDING NUMBER 2009-003

Significant deficiency

Financial Reporting

As a result of the audit procedures performed, misclassifications were noted in the financial statements that required material audit adjustments. For fiscal years, 2009 and 2008, sale of lots in the Cemetery fund were misclassified as other financing sources instead of miscellaneous revenue in the amount of \$13,460 and \$15,020, respectively.

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

Procedures should be implemented, including a final review of the annual report by Trustees to identify and correct misclassifications.

Response: The Trustees have reviewed the finding and will take responsibility to rectify the matter.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-004

Material weakness, noncompliance

Ohio Rev. Code Section 505.24 and 507.09, state that a township trustees and fiscal officer's compensations vary with the township budget. Section 505.24 also defines the term "budget" as the request filed with the budget commission by the taxing authority. Per the Ohio Township Handbook, budget, therefore must be interpreted as the amount of money that the budget commission certifies that the trustees of a township would have available for expenditures during the fiscal year, as shown on its latest amended official certificate of estimated resources.

The Township trustees and fiscal officer's compensations in 2009 and 2008 were noted as being paid on the budget range of \$500,001 – \$750,000 when their amended official certificate of estimated resources fell within the budget range of \$250,001 - \$500,000. This resulted in the overpayment of each trustee by \$1,028 and the fiscal officer by \$2,828 for the audit period or a total overpayment of \$5,912.

We recommend that the Township properly certify the compensation of their elected official based on the amended official certificate of estimated resources received from the county auditor.

Response: The Trustees and Fiscal Officer will review the amended official certificate of estimated resources received from the county auditor based on the compensation that they have resolved to receive.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified	No	Reissued as 2009-001
2007-002	ORC 5705.36 - Estimated receipts exceeded actual receipts	No	Reissued as 2009-002
2007-003	Failure to properly record revenue and expenditures	No	Reissued as 2009-003



Mary Taylor, CPA
Auditor of State

VAN BUREN TOWNSHIP

DARKE 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
AUGUST 24, 2010**