



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VAN BUREN TOWNSHIP
DARKE COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Van Buren Township
Darke County
3931 Arcanum Bears Mill Road
Arcanum, Ohio 45304

To the Board of Trustees:

We have audited the accompanying financial statements of Van Buren Township, Darke County, (the Township) as of and for the years ended December 31, 2001 and 2000. 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, 2001 and 2000, 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 28, 2002 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 management and Board of Trustees, and other officials authorized to receive this report under § 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 28, 2002

**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, 2001**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$26,510	\$53,764	\$80,274
Intergovernmental	61,073	64,545	125,618
Licenses, Permits, and Fees		28,337	28,337
Earnings on Investments	5,556	2,495	8,051
Other Revenue	4,169	1,499	5,668
Total Cash Receipts	97,308	150,640	247,948
Cash Disbursements:			
Current:			
General Government	43,617	2,006	45,623
Public Safety	326	11,655	11,981
Public Works		71,197	71,197
Health	7,326	49,549	56,875
Capital Outlay	149,921	115,352	265,273
Total Cash Disbursements	201,190	249,759	450,949
Total Receipts Over/(Under) Disbursements	(103,882)	(99,119)	(203,001)
Other Financing Receipts and (Disbursements):			
Other Sources	1,314	9,650	10,964
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(102,568)	(89,469)	(192,037)
Fund Cash Balances, January 1	147,916	177,942	325,858
Fund Cash Balances, December 31	\$45,348	\$88,473	\$133,821

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$2,997</u>
Total Operating Cash Receipts	<u>2,997</u>
Operating Cash Disbursements:	
Contract Services	275
Supplies and Materials	<u>860</u>
Total Operating Cash Disbursements	<u>1,135</u>
Operating Income/(Loss)	<u>1,862</u>
Fund Cash Balances, January 1	<u>53,620</u>
Fund Cash Balances, December 31	<u><u>\$55,482</u></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, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$25,412	\$52,226		\$77,638
Intergovernmental	67,853	65,026	\$137,082	269,961
Licenses, Permits, and Fees		29,109		29,109
Earnings on Investments	9,853	6,557		16,410
Other Revenue	106	3,565		3,671
	<u>103,224</u>	<u>156,483</u>	<u>137,082</u>	<u>396,789</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	58,439	251		58,690
Public Safety	179	22,703		22,882
Public Works		78,443		78,443
Health	7,047	46,757		53,804
Capital Outlay		49,438	137,082	186,520
	<u>65,665</u>	<u>197,592</u>	<u>137,082</u>	<u>400,339</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	37,559	(41,109)		(3,550)
Other Financing Receipts and (Disbursements):				
Other Sources	16,641	16,490		33,131
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,200	(24,619)		29,581
Fund Cash Balances, January 1	93,716	202,561		296,277
Fund Cash Balances, December 31	<u>\$147,916</u>	<u>\$177,942</u>	<u>\$0</u>	<u>\$325,858</u>

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$2,824
Total Operating Cash Receipts	<u>2,824</u>
Operating Cash Disbursements:	
Contract Services	5,100
Supplies and Materials	<u>818</u>
Total Operating Cash Disbursements	<u>5,918</u>
Operating Income/(Loss)	<u>(3,094)</u>
Fund Cash Balances, January 1	<u>56,714</u>
Fund Cash Balances, December 31	<u><u>\$53,620</u></u>

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Van Buren Township, 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 road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of Arcanum and Gettysburg Rural Fire Department to provide fire and ambulance 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 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 and Investments

All Township fund are held in an interest bearing checking account and certificates of deposit. Certificates of Deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

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

Road and Bridge Fund - This fund 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.

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

Fire District Fund – This fund receives property tax money to provide respective services for the Township.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund during the year ended December 31, 2000:

Issue II Fund - The Township received a grant from the State of Ohio for road repair.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to 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 fiduciary fund:

Cemetery Bequest Funds (non-expendable trust) – these funds are maintained in perpetuity and the interest income is used for grave upkeep.

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 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.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not use the encumbrance method of accounting during the years ended December 31, 2001 and 2000.

A summary of 2001 and 2000 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 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>2001</u>	<u>2000</u>
Demand deposits	\$127,081	\$277,256
Certificates of deposit	62,222	102,222
Total deposits	<u>189,303</u>	<u>379,478</u>

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,758	\$98,622	\$5,864
Special Revenue	155,650	160,290	4,640
Fiduciary	2,700	2,997	297
Total	<u>\$251,108</u>	<u>\$261,909</u>	<u>\$10,801</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,675	\$201,190	\$4,485
Special Revenue	333,592	249,759	83,833
Fiduciary	4,097	1,135	2,962
Total	<u>\$543,364</u>	<u>\$452,084</u>	<u>\$91,280</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,805	\$119,865	\$27,060
Special Revenue	158,130	172,973	14,843
Capital Projects	137,082	137,082	0
Fiduciary	2,000	2,824	824
Total	<u>\$390,017</u>	<u>\$432,744</u>	<u>\$42,727</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,555	\$65,665	\$77,890
Special Revenue	360,691	197,592	163,099
Capital Projects	137,082	137,082	0
Fiduciary	6,491	5,918	573
Total	<u>\$647,819</u>	<u>\$406,257</u>	<u>\$241,562</u>

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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.

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

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

5. RETIREMENT SYSTEMS

The Township's 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.

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 participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance coverage to full-time employees through a private carrier.

7. RELATED PARTY TRANSACTIONS

The Township Trustees employ a full time cemetery superintendent. The superintendent is the son of one of Trustees. The superintendent was paid \$26,924 in 2000 and \$27,638 in 2001. The Township has adopted formal policies and procedures regarding the hiring of related parties and the related Trustee abstains from any Board action regarding his son's compensation.

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**STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Van Buren Township
Darke County
3931 Arcanum Bears Mill Road
Arcanum, Ohio 45304

To the Board of Trustees:

We have audited the accompanying financial statements of Van Buren Township, Darke County, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 28, 2002. 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40319-001 and 2001-40319-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 28, 2002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 28, 2002.

Van Buren Township
Darke County
Report of Independent Accountants on Compliance and
on Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the management and 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 28, 2002

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40319-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D), provides 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 an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Township Clerk failed to comply with this requirement and the exception was not utilized for any disbursements during 2001 and 2000.

The Township should develop a purchase order system to approve purchase commitments in advance, encumber funds against current appropriations, and provide for the Clerks certification that funds are available prior to the commitment and expenditure of funds.

FINDING NUMBER 2001-40319-002

Noncompliance Citation

Ohio Admin. Code, Section 117-2-02 (C)(1), (D)(2), (D)(3) requires that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. The Township failed to maintain a receipts ledger and appropriation ledger to track budgeted receipts and disbursement versus actual. The current Township accounting system was not designed for local governments and is unable to provide those documents or a reasonable facsimile.

The Township should adopt a system which will allow them the ability to track budgetary financial information and provide the Trustees with the required budgetary information to make sound financial decisions for the Township.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40319-001	Ohio Rev. Code Section 5705.41 (D)	No	Will be reissued in current audit.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VAN BUREAU 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
JUNE 25, 2002**