



Mary Taylor, CPA
Auditor of State

VAN BUREN TOWNSHIP
SHELBY COUNTY

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Mary Taylor, CPA
Auditor of State

Van Buren Township
Shelby County
P.O. Box 143
Kettlersville, Ohio 45336

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

June 24, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Buren Township
Shelby County
P.O. Box 143
Kettlersville, Ohio 45336

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP requires 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, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

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

The 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 our report dated June 24, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not 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.



Mary Taylor, CPA
Auditor of State

June 24, 2008

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$14,943	\$109,874		\$124,817
Licenses, Permits, and Fees	2,570	705		3,275
Intergovernmental	122,291	107,113	\$37,711	267,115
Special Assessments		5,550		5,550
Earnings on Investments	68,687	7,836		76,523
Miscellaneous	1,694	7		1,701
Total Cash Receipts	<u>210,185</u>	<u>231,085</u>	<u>37,711</u>	<u>478,981</u>
Cash Disbursements:				
Current:				
General Government	126,462	1,500		127,962
Public Safety	1,929	8,150		10,079
Public Works		217,855		217,855
Health	7,254	2,219		9,473
Capital Outlay		31,366	37,980	69,346
Total Cash Disbursements	<u>135,645</u>	<u>261,090</u>	<u>37,980</u>	<u>434,715</u>
Total Receipts Over Disbursements	<u>74,540</u>	<u>(30,005)</u>	<u>(269)</u>	<u>44,266</u>
Other Financing Disbursements:				
Other Financing Uses		(5,018)		(5,018)
Total Other Financing Disbursements		<u>(5,018)</u>		<u>(5,018)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	74,540	(35,023)	(269)	39,248
Fund Cash Balances, January 1	<u>1,237,588</u>	<u>470,789</u>	<u>269</u>	<u>1,708,646</u>
Fund Cash Balances, December 31	<u>\$1,312,128</u>	<u>\$435,766</u>	<u>\$0</u>	<u>\$1,747,894</u>

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$14,434	\$110,783		\$125,217
Charges for Services	500			500
Licenses, Permits, and Fees	2,776	4,075		6,851
Intergovernmental	53,932	113,915		167,847
Special Assessments		5,168		5,168
Earnings on Investments	64,629	7,010		71,639
Miscellaneous	490			490
Total Cash Receipts	<u>136,761</u>	<u>240,951</u>		<u>377,712</u>
Cash Disbursements:				
Current:				
General Government	77,263	1,500		78,763
Public Safety	3,015	7,250		10,265
Public Works		155,692		155,692
Health	7,000	3,440		10,440
Capital Outlay		2,962		2,962
Total Cash Disbursements	<u>87,278</u>	<u>170,844</u>		<u>258,122</u>
Total Receipts Over/(Under) Disbursements	<u>49,483</u>	<u>70,107</u>		<u>119,590</u>
Fund Cash Balances, January 1	<u>1,188,105</u>	<u>400,682</u>	<u>\$269</u>	<u>1,589,056</u>
Fund Cash Balances, December 31	<u>\$1,237,588</u>	<u>\$470,789</u>	<u>\$269</u>	<u>\$1,708,646</u>

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Van Buren Township, Shelby 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Minster Area Life Squad and Anna Rescue to provide ambulance services and the Villages of New Knoxville and Minster to provide additional fire protection. The Shelby County Sheriff provides police protection.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

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

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report

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 reports all financial resources except those required to be accounted for in another fund.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

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

3. Capital Projects Funds

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

Issue II Fund - The Township received a grant from the State of Ohio in 2007 for pavement rehabilitation.

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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. 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.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$205,965	\$324,147
Certificates of deposit	25,175	26,636
Total deposits	231,140	350,783
STAR Ohio	1,516,754	1,357,863
Total investments	1,516,754	1,357,863
Total deposits and investments	\$1,747,894	\$1,708,646

A. Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

B. Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007, and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,975	\$210,185	\$67,210
Special Revenue	236,474	231,085	(5,389)
Capital Projects	37,711	37,711	
Total	\$417,160	\$478,981	\$61,821

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,384,337	\$135,645	\$1,248,692
Special Revenue	706,761	266,108	440,653
Capital Projects	37,980	37,980	
Total	\$2,129,078	\$439,733	\$1,689,345

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,000	\$136,761	(\$6,239)
Special Revenue	234,906	240,951	6,045
Capital Projects	0	0	0
Total	\$377,906	\$377,712	(\$194)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,337,615	\$87,278	\$1,250,337
Special Revenue	629,782	170,844	458,938
Capital Projects	269	0	269
Total	\$1,967,666	\$258,122	\$1,709,544

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.

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 trustees and fiscal officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits. Some of the volunteer firemen belong to social security.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9.0%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.70%, respectively, of participants' gross salaries. For social security members, the Township contributed 6.2 percent of their gross salaries. The Township has paid all contributions required through December 31, 2007.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT

A. Risk Pool Membership

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

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

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

B. Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

C. Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

D. 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, 2007 and 2006:

	2007	2006
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$29,852,866	\$29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

Contributions to OTARMA	
2005	\$8,640
2006	8,755
2007	6,886

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

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. SUBSEQUENT EVENTS

On May 31, 2008, the Township entered into a lease-purchase agreement with Republic First National for purchase of a new pumper truck for the fire department. The total amount financed was \$294,492 for four years, with semi-annual payments commencing April 1, 2009.



Mary Taylor, CPA

Auditor of State

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

Van Buren Township
Shelby County
P.O. Box 143
Kettlersville, Ohio 45336

To the Board of Trustees:

We have audited the financial statements of Van Buren Township, Shelby County, (the Township), as of and for the years ended December 31, 2007, and 2006, and have issued our report thereon dated June 24, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

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**Internal Control over Financial Reporting
(Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: Finding 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated June 24, 2008.

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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated June 24, 2008.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 24, 2008

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING 2007-001

MATERIAL WEAKNESS

Monthly Bank Reconciliations and System Posting Errors

Our testing of the Township's monthly bank to book reconciliations and the receipt and expenditures transactions for 2007 and 2006 noted the following items:

- Monthly bank reconciliations were not performed by the Fiscal Officer for every month during 2007 and 2006. There was no monthly bank reconciliation performed for April 2006, June 2006, January 2007, July 2007, September 2007, or November 2007.
- Bank reconciliations were performed at December 31, 2007 and 2006; however, the bank balances used in the reconciliations did not agree to the actual bank balances. In order to reconcile the December 31, 2006, bank balances to the Township books, we had to post the expenditure for Check #1860 in the amount of \$3,277, which had been incorrectly adjusted off the books during 2006. The Fiscal Officer tried to correct this error from 2006 by posting the expenditure in 2007, which also caused an audit adjustment for 2007.
- The 2006 beginning General fund balance also had to be decreased to post prior period variances that were not adjusted.
- We noted material misstatements of the fund balances throughout 2007 due to improper fund balance adjustments.
- During 2007, the Township transferred \$88,000 from their checking account to their STAR Ohio investment account by issuing a check against the General fund for \$20,000, the Road District fund for \$10,000, the Gasoline Tax fund for \$30,000, the Road & Bridge fund for \$18,000, and the Motor Vehicle License Tax fund for \$10,000. In order to balance with the investment at Star Ohio and the bank balance, the Fiscal Officer made a fund balance adjustment for \$88,000 to the General fund at year end. The handling of this transaction in this manner overstated these funds expenditures, and misstated the fund balances for the year.
- During 2007, one of the Certificates of Deposit held for the Cemetery came due, and the Fiscal Officer tried to move \$2,000 from the CD before re-investing the remaining amount. This was entered on the system as a receipt to the Cemetery fund. In order to balance with the bank balance, the Fiscal Officer made a negative fund balance adjustment for \$6,000 at year end. The handling of this transaction in this manner overstated the Cemetery fund receipts, and misstated the ending fund balance.

**FINDING 2007-001
 (Continued)**

The adjustments required to accurately state the Township's fund balances as of December 31, are as follows:

2007 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
General Fund	\$1,389,291	(\$77,163)	\$1,312,128
Special Revenue Funds:			
Motor Vehicle License Tax	50,740	10,000	60,740
Gasoline Tax	165,200	30,000	195,200
Road & Bridge	95,594	26,460	122,054
North Van Buren Fire District	7,008	0	7,008
South Van Buren Fire District	2,976	0	2,976
Rescue Fund	2,116	0	2,116
DP&L Lighting	2,300	0	2,300
Renee Drive – Pioneer Lighting	1,039	0	1,039
McCartyville Rd. Lighting	86	0	86
Whitefeather Street Lighting	315	0	315
Road District	11,725	10,000	21,725
Cemetery	16,207	4,000	20,207
Total Special Revenue Fund	355,306	80,460	435,766

2006 Fund Type	Township's Ending Fund Balance	Misstatement Increase or (Decrease)	Audited Ending Fund Balance
General Fund	\$1,241,568	(\$3,980)	\$1,237,588

The monthly bank reconciliation is a basic control to verify accuracy and completeness of the Township's recording of current receipts and expenditures. The failure to prepare accurate monthly bank reconciliations increases the possibility the Township's management would not promptly detect errors and irregularities during the normal course of business. The accompanying financial statements contain the required adjustments to accurately present the Township's activity for 2007 and 2006.

Officials Response:

Difficulties were encountered during 2007 and 2006 in handling depository balances, manual checks, and internal transfers. In the future the Fiscal Officer will contact the Uniform Accounting Network when system accounting questions arise.



Mary Taylor, CPA
Auditor of State

VAN BUREN TOWNSHIP

SHELBY 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
SEPTEMBER 16, 2008**