



**Auditor of State
Betty Montgomery**

**VAN BUREN TOWNSHIP
DARKE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003 and 2002. 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.

As described 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 Van Buren Township, as of December 31, 2003 and 2002, 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 5, 2004, 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.

Van Buren Township
Darke County
Independent Accountants' Report
Page 2

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

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

Betty Montgomery
Auditor of State

May 5, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$26,710	\$54,483	\$81,193
Intergovernmental	24,578	76,273	100,851
Licenses, Permits, and Fees		28,203	28,203
Earnings on Investments	1,282	1,224	2,506
Miscellaneous	24	769	793
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	52,594	160,952	213,546
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	46,180	1,393	47,573
Public Safety	322	27,154	27,476
Public Works		46,835	46,835
Health	17,414	39,183	56,597
Capital Outlay	45,411	24,180	69,591
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	109,327	138,745	248,072
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(56,733)	22,207	(34,526)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts and (Disbursements):			
Sale of Notes	40,000		40,000
Other Sources	1,135	12,140	13,275
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	41,135	12,140	53,275
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,598)	34,347	18,749
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	46,803	90,268	137,071
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$31,205	\$124,615	\$155,820
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2003

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$1,891
	<hr/>
Total Operating Cash Receipts	1,891
	<hr/>
Operating Cash Disbursements:	
Salaries	2,163
Supplies and Materials	1,047
	<hr/>
Total Operating Cash Disbursements	3,210
	<hr/>
Operating Income/(Loss)	(1,319)
	<hr/>
Fund Cash Balances, January 1	56,437
	<hr/>
Fund Cash Balances, December 31	<u><u>\$55,118</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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$26,780	\$54,587	\$81,367
Intergovernmental	42,300	65,480	107,780
Licenses, Permits, and Fees		30,343	30,343
Earnings on Investments	2,338	1,608	3,946
Miscellaneous	26	520	546
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	71,444	152,538	223,982
Cash Disbursements:			
Current:			
General Government	55,003		55,003
Public Safety	323	36,610	36,933
Public Works		66,689	66,689
Health	14,128	37,658	51,786
Capital Outlay	1,000	22,006	23,006
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	70,454	162,963	233,417
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	990	(10,425)	(9,435)
Other Financing Receipts and (Disbursements):			
Other Sources	465	12,220	12,685
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,455	1,795	3,250
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	45,348	88,473	133,821
Fund Cash Balances, December 31	<hr/> \$46,803	<hr/> \$90,268	<hr/> \$137,071

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, 2002**

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	\$2,894
	<hr/>
Total Operating Cash Receipts	2,894
	<hr/>
Operating Cash Disbursements:	
Contract Services	600
Supplies and Materials	1,339
	<hr/>
Total Operating Cash Disbursements	1,939
	<hr/>
Operating Income/(Loss)	955
Fund Cash Balances, January 1	55,482
	<hr/>
Fund Cash Balances, December 31	<u><u>\$56,437</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, 2003 AND 2002**

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

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.

Certificates of deposit are valued at cost or fair value when donated.

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.

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.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 to pay for constructing, maintaining, and repairing Township roads.

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

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

Cemetery Fund – This fund receives money from burial fees to pay the employees who maintain the cemetery.

3. Fiduciary Funds (Trust Funds)

Non-Expendable Trust Fund – These funds are used to account for resources restricted by legally binding trust agreements.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber any commitments as required by Ohio Law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2003	2002
Demand deposits	\$148,714	\$131,284
Certificates of Deposit	62,224	62,224
Total Deposits	\$210,938	\$193,508

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,560	\$93,729	(\$11,831)
Special Revenue	165,140	173,092	7,952
Fiduciary	1,650	1,891	241
Total	\$272,350	\$268,712	(\$3,638)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,363	\$109,327	\$3,036
Special Revenue	256,672	138,745	117,927
Fiduciary	5,863	3,210	2,653
Total	\$374,898	\$251,282	\$123,616

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,324	\$71,909	\$6,585
Special Revenue	169,750	164,758	(\$4,992)
Fiduciary	2,500	2,894	\$394
Total	\$237,574	\$239,561	\$1,987

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,674	\$70,454	\$40,220
Special Revenue	258,225	162,963	95,262
Fiduciary	5,760	1,939	3,821
Total	\$374,659	\$235,356	\$139,303

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. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$40,000	5.10%
Total	\$40,000	

The general obligation note was issued to finance the purchase of land to be used for a Township cemetery. The bonds are collateralized solely by the Township's taxing authority. Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Note
11/19/2004	\$8,707
11/19/2005	8,367
11/19/2006	8,026
11/19/2007	7,687
11/19/2008	7,347
11/19/2009	7,007
Total	\$47,141

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated May 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 5, 2004.

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 the management of the Township in a separate letter dated May 5, 2004.

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Van Buren Township
Darke County
Independent Accountants' Report 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 5, 2004

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance Citation

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 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 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 (\$3,000 effective April 7, 2003), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

Our testing indicated that for 100% of the cash disbursements during 2003 and 2002, the fiscal officer's certificate was completed after the obligation was incurred, and the exception above was not utilized. The failure to comply with this requirement could result in the Township expending funds that it does not have in its treasury.

The Township should put policies and procedures in place that will improve compliance with the prior certification requirement.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Admin. Code Section 117-2-02 (C)(1), requires that all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the accounting system. The Township failed to maintain an appropriation ledger to track budgeted disbursements 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 obtain a government accounting software package that can provide the required financial and budgetary information.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40319-001	Ohio Revised Code 5705.41(D), failure to certify funds	No	Not corrected, finding repeated in the current audit as finding 2003-001.
2001-40319-002	Ohio Admin Code, Section 117-2-02 (C)(1), budgetary accounting system	No	Not corrected, finding repeated in the current audit as finding 2003-002.



**Auditor of State
Betty Montgomery**

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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
JUNE 1, 2004**