



**VAN BUREN TOWNSHIP
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

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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, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 Van Buren Township, Darke County, as of December 31, 1999 and 1998, 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 April 4, 2000 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.

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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 4, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$21,233	\$38,245	\$59,478
Intergovernmental	48,258	75,299	123,557
Licenses, Permits, and Fees		29,833	29,833
Earnings on Investments	7,154	7,046	14,200
Other Revenue		3,788	3,788
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	76,645	154,211	230,856
Cash Disbursements:			
Current:			
General Government	46,572	277	46,849
Public Safety	14	22,699	22,713
Public Works		75,836	75,836
Health	6,644	41,617	48,261
Capital Outlay		19,010	19,010
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,230	159,439	212,669
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	23,415	(5,228)	18,187
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Other Sources	38	16,975	17,013
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,453	11,747	35,200
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	70,263	190,813	261,076
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$93,716</u>	<u>\$202,560</u>	<u>\$296,276</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	FIDUCIARY FUND
	Non-Expendable Trust
Operating Cash Receipts:	
Interest	\$2,699
Operating Cash Disbursements:	
Supplies and Material	717
Operating Income/(Loss)	1,982
Fund Cash Balance, January 1, 1999	54,732
Fund Cash Balance, December 1, 1999	\$56,714

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$21,169	\$38,264	\$59,433
Intergovernmental	37,846	73,227	111,073
Licenses, Permits, and Fees		31,240	31,240
Earnings on Investments	6,475	6,435	12,910
Other Revenue		3,667	3,667
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	65,490	152,833	218,323
Cash Disbursements:			
Current:			
General Government	39,721	748	40,469
Public Safety	14	22,324	22,338
Public Works		46,555	46,555
Health	6,555	35,993	42,548
Capital Outlay	36,631	23,123	59,754
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,921	128,743	211,664
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(17,431)	24,090	6,659
Other Financing Receipts/(Disbursements):			
Other Sources	<hr/>	<hr/>	<hr/>
	2,257	18,125	20,382
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(15,174)	42,215	27,041
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	85,437	148,598	234,035
Fund Cash Balances, December 31	<hr/> \$70,263 <hr/>	<hr/> \$190,813 <hr/>	<hr/> 261,076 <hr/>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	FIDUCIARY FUND
	Non-Expendable Trust
Operating Cash Receipts:	
Interest	\$2,150
Donations and Gifts	10,000
Total	12,150
 Operating Cash Disbursements:	
Supplies and Material	1,500
Operating Income/(Loss)	10,650
Fund Cash Balance, January 1, 1998	44,082
 Fund Cash Balance, December 1, 1998	 \$54,732

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 funds 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Tax Fund - This fund receives gasoline tax and 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. Fiduciary Funds (Trust and Agency Funds)

Non-Expendable Trust Fund - Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Township's fiduciary fund is a non-expendable trust fund.

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.

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 carried over, and need not be reappropriated. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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>1999</u>	<u>1998</u>
Demand deposits	\$250,768	\$213,586
Certificates of deposit	<u>102,222</u>	<u>102,222</u>
Total deposits	<u>\$352,990</u>	<u>\$315,808</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,350	\$76,683	\$25,333
Special Revenue	153,620	171,186	17,566
Fiduciary	<u>2,000</u>	<u>2,699</u>	<u>699</u>
Total	<u>\$206,970</u>	<u>\$250,569</u>	<u>\$43,599</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$121,613	\$53,230	\$62,383
Special Revenue	344,434	159,439	184,995
Fiduciary	<u>56,731</u>	<u>717</u>	<u>56,014</u>
Total	<u>\$522,778</u>	<u>\$213,386</u>	<u>\$309,392</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,690	\$67,747	(\$5,943)
Special Revenue	149,670	170,958	21,288
Fiduciary	<u>2,000</u>	<u>12,150</u>	<u>10,150</u>
Total	<u>\$225,360</u>	<u>\$250,855</u>	<u>\$25,495</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,127	\$82,921	\$76,206
Special Revenue	298,268	128,743	169,525
Fiduciary	46,081	1,500	44,581
Total	\$503,476	\$213,164	\$290,312

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 rate 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. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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



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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, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 4, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 1999-40319-001 and 1999-40319-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 4, 2000.

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 April 4, 2000.

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 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.

Jim Petro
Auditor of State

April 4, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number **1999-40319-001**

Certification of availability of funds prior to expenditure:

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 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 the exception requirements and issue the required certification at the time of payment for disbursements that were not encumbered at the time the contract or order was given.

The Township should develop policies to ensure that disbursements are encumbered against current appropriations prior to the commitment and expenditure of funds in compliance with this section. In addition, this will require that the Township obtain computer software capable of maintaining an appropriation ledger.

Finding Number **1999-40319-002**

Basis of accounting and accounting code structure:

Ohio Admin. Code Section 117-3-01 states that each township which employs a cash basis system of accounting will use either the alphanumeric or numeric codes for recording fund numbers, revenue source, appropriation activity and expenditure object. Those townships not participating in the uniform accounting network (maintained and provided by the Auditor of State) are free to select the system of accounting codes that best meets their needs. The township has implemented an alphanumeric system which is not in agreement with the required coding system as outlined in the Ohio Admin. Code. Ohio Admin. Code Sections 117-3-02 to 117-3-04 prescribe the rules which are applicable to the alphanumeric accounting codes.

Ohio Admin. Code Sections 117-3-08, 117-3-09 and 117-3-11 describe the prescribed format for the cash journal, receipts ledger and appropriation ledger, respectively. The township failed to maintain a cash ledger, receipts ledger and appropriation ledger as prescribed by the Ohio Admin. Code. The current township accounting system was not designed for local governments and is unable to provide those records or a reasonable facsimile. The accounting records were well maintained, but lacked the ability to properly record encumbrances against appropriations and provide the required information on the unencumbered balance of the individual appropriation accounts.

The Township should obtain a governmental accounting software package that can provide the required financial and budgetary information.



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OFFICE OF THE AUDITOR

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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
APRIL 27, 2000**