



Dave Yost • Auditor of State

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type – Agency Fund For the Year Ended December 31, 2011	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	7
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Schedule of Prior Audit Findings	23

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Dave Yost • 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 19, 2012

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Dave Yost • 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, 2011 and 2010. 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(A) mandates 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 Governments 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Van Buren Township, Shelby County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.F., during 2011 the Van Buren Township, Shelby County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As described in Note 8, during 2010 the Township restated beginning fund cash balances for the special revenue and permanent funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012, 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.



Dave Yost
Auditor of State

June 19, 2012

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$16,837	\$238,663		\$255,500
Charges for Services	500			500
Licenses, Permits and Fees	1,025	498		1,523
Fines and Forfeitures				0
Intergovernmental	100,828	128,514	51,423	280,765
Special Assessments		5,930		5,930
Earnings on Investments	5,982	1,441		7,423
Miscellaneous	1,326			1,326
<i>Total Cash Receipts</i>	<u>126,498</u>	<u>375,046</u>	<u>51,423</u>	<u>552,967</u>
Cash Disbursements				
Current:				
General Government	147,181	157		147,338
Public Safety	1,235	30,100		31,335
Public Works		216,309		216,309
Health	12,654	792		13,446
Capital Outlay		11,260	51,423	62,683
Debt Service:				
Principal Retirement		76,526		76,526
Interest and Fiscal Charges		6,759		6,759
<i>Total Cash Disbursements</i>	<u>161,070</u>	<u>341,903</u>	<u>51,423</u>	<u>554,396</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(34,572)</u>	<u>33,143</u>	<u>0</u>	<u>(1,429)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,053,693</u>	<u>736,836</u>	<u>0</u>	<u>1,790,529</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	769,979	0	769,979
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	1,019,121	0	0	1,019,121
<i>Fund Cash Balances, December 31</i>	<u>\$1,019,121</u>	<u>\$769,979</u>	<u>\$0</u>	<u>\$1,789,100</u>

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Fiduciary Fund Type
	Agency
Non-Operating Receipts (Disbursements)	
Intergovernmental	1,385,501
Capital Outlay	(1,385,501)
<i>Total Non-Operating Receipts (Disbursements)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$0

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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$16,068	\$243,446	\$259,514
Charges for Services	500		500
Licenses, Permits, and Fees	1,791	637	2,428
Intergovernmental	42,981	134,221	177,202
Special Assessments		6,011	6,011
Earnings on Investments	6,027	1,591	7,618
Miscellaneous	1,644		1,644
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	69,011	385,906	454,917
Cash Disbursements:			
Current:			
General Government	134,722		134,722
Public Safety	2,049	28,658	30,707
Public Works		137,995	137,995
Health	12,669	1,722	14,391
Debt Service:			
Redemption of Principal		72,910	72,910
Interest and Other Fiscal Charges		10,375	10,375
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	149,440	251,660	401,100
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(80,429)	134,246	53,817
Other Financing Receipts / (Disbursements):			
Transfers-In		7,268	7,268
Transfers-Out	(7,268)		(7,268)
Advances-In	2,300	2,300	4,600
Advances-Out	(2,300)	(2,300)	(4,600)
Other Financing Uses	(14)		(14)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(7,282)	7,268	(14)
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(87,711)	141,514	53,803
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	1,141,404	595,322	1,736,726
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$1,053,693	\$736,836	\$1,790,529

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

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**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 7 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. Deposits 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.

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, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (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.

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

Fire Apparatus Fund - This fund receives property tax money for maintaining fire apparatus, appliances, buildings or sites, and sources of water supply and materials.

3. Capital Project 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 in 2011:

Ohio Public Works Commission (Issue II) Fund - The Township received a grant from the State of Ohio for road repairs, and this fund accounted for the grant.

CDBG Grant Fund - The Township received a grant from CDBG through Shelby County for a specific road repair, and this fund accounted for the grant.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for the Issue II multi-project grant for which Van Buren Township was the fiscal agent, and they collected and disbursed matching funds from the surrounding townships, along with accounting for the grant receipts and disbursements directly paid by OPWC.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (continued)

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 and purpose level for the general fund and the fund level for all other funds 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance may be divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits

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

	2011	2010
Demand deposits	\$509,672	\$511,939
Certificates of deposit	18,000	18,000
Total deposits	527,672	529,939
STAR Ohio	1,261,428	1,260,590
Total investments	1,261,428	1,260,590
Total deposits and investments	\$1,789,100	\$1,790,529

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,526	\$126,498	\$1,972
Special Revenue	377,367	375,046	(2,321)
Capital Projects	51,423	51,423	
Total	\$553,316	\$552,967	(\$349)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$347,550	\$161,070	\$186,480
Special Revenue	501,060	341,903	159,157
Capital Projects	51,423	51,423	
Total	\$900,033	\$554,396	\$345,637

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,147	\$69,011	(\$6,136)
Special Revenue	387,027	393,174	6,147
Total	\$462,174	\$462,185	\$11

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$339,900	\$156,722	\$183,178
Special Revenue	521,936	251,660	270,276
Total	\$861,836	\$408,382	\$453,454

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.

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.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>
Fire Truck Lease Purchase Agreement	<u>\$80,321</u>

The Lease/Purchase agreement is related to the purchase of a 2008 Pierce Pumper Fire Truck in June of 2008. The lease will be repaid in semi-annual installments of \$41,643, including interest, over 4 years, with payments beginning in April of 2009.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Principal	Interest	Total
2012	<u>\$80,321</u>	<u>\$2,964</u>	<u>\$83,285</u>

6. Retirement Systems

The Township's trustees, fiscal officer, and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

The volunteer firemen belong to social security.

7. Risk Management

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$8,913	\$9,897

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

8. Accounting Change

	<u>Special Revenue</u>	<u>Permanent</u>
Fund Cash Balances, December 30, 2009, as previously report	\$588,259	\$7,063
Fund Reclassification	<u>7,063</u>	<u>(\$7,063)</u>
Fund Cash Balances, January 1, 2010, restated	\$595,322	

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Dave Yost • 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, 2011 and 2010, and have issued our report thereon dated June 19, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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(A) mandates the Auditor of State to audit Ohio governments. We also noted that the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for year ending December 31, 2011, as well as Note 8, in which the Township restated the beginning 2010 fund cash balances for the special revenue and permanent funds, for a fund reclassification. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 19, 2012.

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 management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

June 19, 2012

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code Section 5735.27(A)(d) states that there is hereby created in the state treasury the gasoline excise tax fund, which shall be distributed and divided in equal proportions among the townships within the state. All amounts credited pursuant to divisions (A)(5)(a) and (b) of this section shall be paid to the county treasurer of each county for the total amount payable to the townships within each of the counties. The county treasurer shall pay to each township within the county its proportional share of the funds, which shall be expended by each township only for the purposes of planning, constructing, maintaining, widening, and reconstructing the public roads and highways within the township, paying principal, interest, and charges on obligations incurred pursuant to section 5531.09 of the Revised Code, and paying costs apportioned to the township under section 4907.47 of the Revised Code.

Ohio Rev. Code Section 4503.02 states that an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways, for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts.

The Auditor of State's Ohio Township Handbook specifies that revenue received from and constrained by ORC Chapter 5735 should be posted to the gasoline tax fund (#2021), revenue received from and constrained by ORC Chapter 4503 should be posted to the motor vehicle license tax fund (#2011), and revenue received from homestead & rollback receipts from the state should be posted to an intergovernmental revenue code.

Auditor of State's Bulletin 2002-004 states in part that in situations where one local government agrees to act as fiscal agent for a multi-project grant, the fiscal agent should establish an agency fund for the collection of participating subdivisions' matching shares, and the subsequent payments to the contractors, and should account for the complete project.

During 2010, the Township incorrectly posted a gasoline excise tax receipt in the amount of \$6,767 to the road & bridge fund instead of the gasoline tax fund. The error is material to the Gasoline Tax Fund as it represents 8% of the total revenues.

During 2011, the Township incorrectly posted a motor vehicle license tax receipt in the amount of \$924 to the Gasoline Tax Fund instead of the motor vehicle license tax fund. The error is material to the motor vehicle license tax fund as it represents 8% of the total revenues.

During 2010 and 2011, the Township receipted homestead and rollback receipts as tax revenue rather than intergovernmental revenue within the fire apparatus fund in the amount of \$10,106 and \$10,117, which represents 2.5% and 2.7% of total revenues, respectively.

**FINDING NUMBER 2011-001
(Continued)**

During 2011, the Township incorrectly posted \$1,260,518, which represents 100% of agency fund receipts and expenditures, of Issue II receipts and expenditures for various other governments to the capital projects fund rather than an agency fund in accordance with AOS Bulletin 2002-004.

The accompanying financial statements and records of the township have been adjusted to correctly present the Township's financial activity for 2011 and 2010.

The Township should implement procedures to verify that all receipts and disbursements are properly classified and posted to the correct fund. Additionally the Township should review the classification of all new funds.

Officials Response:

I will try to be a more precise and accurate Fiscal Officer.

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness – Classifying Revenues and Expenditures – material misstatements of various revenue and expenditure lines.	No	Repeated for revenue misstatements as Finding 2011-001
2009-002	Noncompliance – Ohio Rev. Code Section 5705.09(H) – bequest was not correctly recorded as a Permanent Fund	Yes	

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Dave Yost • 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
JULY 17, 2012**