

VAN BUREN TOWNSHIP

DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

Board of Trustees
Van Buren Township
3931 Arcanum-Bears Mill Road
Arcanum, Ohio 45304

We have reviewed the *Independent Auditors' Report* of Van Buren Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Van Buren Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 9, 2012

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**VAN BUREN TOWNSHIP
DARKE COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' 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, 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. We believe that 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 require 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.

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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 of Van Buren Township, Darke County, Ohio, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2012

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**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, 2011

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 30,711	\$ 56,964	\$ 0	\$ 87,675
Licenses, Permits and Fees	0	55,235	0	55,235
Intergovernmental Receipts	51,064	103,022	0	154,086
Earnings on Investments	140	82	1,017	1,239
Miscellaneous	73	2,683	1,000	3,756
Total Cash Receipts	81,988	217,986	2,017	301,991
Cash Disbursements:				
Current:				
General Government	29,270	1,499	0	30,769
Public Safety	73	28,501	0	28,574
Public Works	0	87,007	0	87,007
Health	9,146	47,070	1,391	57,607
Capital Outlay	0	18,781	0	18,781
Total Cash Disbursements	38,489	182,858	1,391	222,738
Total Receipts Over/(Under) Disbursements	43,499	35,128	626	79,253
Fund Cash Balances, January 1	117,027	168,915	54,651	340,593
Fund Cash Balances, December 31				
Nonspendable	0	0	28,500	28,500
Restricted	0	199,210	26,777	225,987
Unassigned (Deficit)	160,526	4,833	0	165,359
<i>Fund Cash Balances, December 31</i>	<u><u>\$160,526</u></u>	<u><u>\$204,043</u></u>	<u><u>\$55,277</u></u>	<u><u>\$419,846</u></u>

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

**VAN BURENT 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, 2010

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 31,795	\$ 58,677	\$ 0	\$ 90,472
Licenses, Permits and Fees	0	31,216	0	31,216
Intergovernmental Receipts	58,944	106,086	0	165,030
Earnings on Investments	176	126	1,858	2,160
Miscellaneous	3,610	13,106	1,000	17,716
Total Cash Receipts	94,525	209,211	2,858	306,594
Cash Disbursements:				
Current:				
General Government	29,609	1,139	0	30,748
Public Safety	79	28,554	0	28,633
Public Works	0	73,068	0	73,068
Health	20,988	43,038	850	64,876
Capital Outlay	1,250	45,566	0	46,816
Total Cash Disbursements	51,926	191,365	850	244,141
Total Receipts Over/(Under) Disbursements	42,599	17,846	2,008	62,453
Other Financing Receipts/Disbursements				
Sale of Fixed Assets	0	2,500	0	2,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,599	20,346	2,008	64,953
Fund Cash Balances, January 1	74,428	148,569	52,643	275,640
Fund Cash Balances, December 31	\$117,027	\$168,915	\$54,651	\$340,593

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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 the Van Buren Township of Darke County (the Township) as a body corporate and politic. A publicly elected three member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 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 deposits with local commercial banks. The certificates of deposit are valued at cost.

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:

General Fund:

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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.

Gasoline Tax Fund – This fund receives gasoline money 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 funding through levies and provides fire protection services for the Township residents.

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

Cemetery Fund – This fund receives the proceeds from the Cemetery operations.

Permanent Funds

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant permanent funds:

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For 2011, fund balance is 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.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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>2011</u>	<u>2010</u>
Demand Deposits	\$356,949	\$279,696
Certificates of Deposit	<u>62,897</u>	<u>60,897</u>
Total Deposits	<u>\$419,846</u>	<u>\$340,593</u>

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.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2011 was as follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 81,978	\$ 81,988	\$ 10
Special Revenue	212,928	217,986	5,058
Permanent	1,400	2,017	617
Total	<u>\$ 296,306</u>	<u>\$ 301,991</u>	<u>\$ 5,685</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 172,855	\$ 38,489	\$ 134,366
Special Revenue	361,717	182,858	178,859
Permanent	4,153	1,391	2,762
Total	<u>\$ 538,725</u>	<u>\$ 222,738</u>	<u>\$ 315,987</u>

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,002	\$ 94,525	\$ 523
Special Revenue	208,756	211,711	2,955
Permanent	900	2,858	1,958
Total	<u>\$ 303,658</u>	<u>\$ 309,094</u>	<u>\$ 5,436</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 132,636	\$ 51,926	\$ 80,710
Special Revenue	345,710	191,365	154,345
Permanent	2,646	850	1,796
Total	<u>\$ 480,992</u>	<u>\$ 244,141</u>	<u>\$ 236,851</u>

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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 be 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 full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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.

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

6. RISK MANAGEMENT

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

6. RISK MANAGEMENT (Continued)

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight functions previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Government participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Government does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

6. RISK MANAGEMENT (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements 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), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Van Buren Township, Darke County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 22, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. For the year ended December 31, 2011, we noted the Township implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 opinion 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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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 noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 22, 2012.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2012

**VAN BUREN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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

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 exceptions to the above requirements:

- A. Then and Now certificates** – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

If the amount involved is less than \$3,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

- B. Blanket certificate** – The fiscal officer may prepare a blanket certificate against any specific line item account. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- C. Super Blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may be outstanding at a particular time for any one line item appropriation.

The Township did not properly certify the availability of funds for 20 percent and 15 percent of expenditures tested for years 2011 and 2010, respectively, and neither of the above exceptions applied.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

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

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2011-001, continued

Failure to properly certify the availability of funds can result in overspending available funds and negative cash fund balances. Effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders. We recommend that Township obtain approved purchase orders, including amounts, which contain the Fiscal Officer's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Response: The Fiscal Officer will monitor and properly certify all expenditures in the future.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2009-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified	No	Reissued as 2011-001
2009-002	ORC 5705.36 - Estimated receipts exceeded actual receipts	Yes	
2009-003	Failure to properly record revenue and expenditures	Yes	
2009-004	Township trustees and fiscal officer's compensation vary with the township budget	Yes	All overpayment was paid in full and steps were taken to correct this issue.



Dave Yost • Auditor of State

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
OCTOBER 23, 2012**