



Dave Yost • Auditor of State



VAN BUREN TOWNSHIP  
HANCOCK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Van Buren Township  
Hancock County  
7141 Township Road 29  
Jenera, Ohio 45841-8919

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Van Buren Township, Hancock County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Van Buren Township, Hancock County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 2, 2015

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$69,263	\$33,653		\$102,916
Licenses, Permits and Fees	525			525
Intergovernmental	32,263	104,155	\$50,008	186,426
Earnings on Investments	64	159		223
Miscellaneous	1,392	823		2,215
<i>Total Cash Receipts</i>	<u>103,507</u>	<u>138,790</u>	<u>50,008</u>	<u>292,305</u>
<b>Cash Disbursements</b>				
Current:				
General Government	41,274	11,721		52,995
Public Safety	13,600			13,600
Public Works	2,489	110,022		112,511
Health	8,861	374		9,235
Capital Outlay	32,261	12,250	50,008	94,519
<i>Total Cash Disbursements</i>	<u>98,485</u>	<u>134,367</u>	<u>50,008</u>	<u>282,860</u>
<i>Net Change in Fund Cash Balances</i>	5,022	4,423		9,445
<i>Fund Cash Balances, January 1</i>	<u>53,242</u>	<u>73,604</u>	<u>202</u>	<u>127,048</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		78,027	202	78,229
Assigned	32,688			32,688
Unassigned	25,576			25,576
<i>Fund Cash Balances, December 31</i>	<u>\$58,264</u>	<u>\$78,027</u>	<u>\$202</u>	<u>\$136,493</u>

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

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$60,382	\$24,181		\$84,563
Licenses, Permits and Fees	775			775
Intergovernmental	32,274	101,829	\$64,429	198,532
Earnings on Investments	50	233		283
Miscellaneous	473	1,295		1,768
<i>Total Cash Receipts</i>	<u>93,954</u>	<u>127,538</u>	<u>64,429</u>	<u>285,921</u>
<b>Cash Disbursements</b>				
Current:				
General Government	39,056	14,612		53,668
Public Safety	13,552			13,552
Public Works	2,110	127,110		129,220
Health	8,329	910		9,239
Capital Outlay	25,680		64,729	90,409
<i>Total Cash Disbursements</i>	<u>88,727</u>	<u>142,632</u>	<u>64,729</u>	<u>296,088</u>
<i>Net Change in Fund Cash Balances</i>	5,227	(15,094)	(300)	(10,167)
<i>Fund Cash Balances, January 1</i>	<u>48,015</u>	<u>88,698</u>	<u>502</u>	<u>137,215</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		73,604	202	73,806
Assigned	50,859			50,859
Unassigned	2,383			2,383
<i>Fund Cash Balances, December 31</i>	<u>\$53,242</u>	<u>\$73,604</u>	<u>\$202</u>	<u>\$127,048</u>

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

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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, Hancock County, Ohio (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 and cemetery maintenance. The Township contracts with the Village of Jenera to provide fire services.

The Township Trustees, along with the Trustees of Orange Township in Hancock County, govern the Hasson Joint Township Cemetery. All expenses not covered by cemetery revenues are financed equally by the Townships.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

The Township values certificates of deposit 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:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Ohio Public Work Commission Fund - The Township received a grant from the Ohio Public Works Commission to repair roads within the Township.

**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, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 2014 and 2013 budgetary activity appears in Note 3.

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance**

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.

**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**

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  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	2014	2013
Demand deposits	\$104,064	\$94,619
Certificates of deposit	32,429	32,429
Total deposits	\$136,493	\$127,048

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**2014 Budgeted vs. Actual Receipts**

	Budgeted Receipts	Actual Receipts	Variance
General	\$114,005	\$103,507	(\$10,498)
Special Revenue	133,915	138,790	4,875
Capital Projects		50,008	50,008
Total	\$247,920	\$292,305	\$44,385

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$164,864	\$98,485	\$66,379
Special Revenue	173,075	134,367	38,708
Capital Projects	50,210	50,008	202
Total	\$388,149	\$282,860	\$105,289

**2013 Budgeted vs. Actual Receipts**

	Budgeted Receipts	Actual Receipts	Variance
General	\$93,389	\$93,954	\$565
Special Revenue	123,949	127,538	3,589
Capital Projects	1	64,429	64,428
Total	\$217,339	\$285,921	\$68,582

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,516	\$88,727	\$42,789
Special Revenue	171,987	142,632	29,355
Capital Projects	64,928	64,729	199
Total	\$368,431	\$296,088	\$72,343

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**6. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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>2014</u>	<u>2013</u>
\$4,572	\$4,650

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. 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.

**7. CONTINGENT LIABILITIES**

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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Van Buren Township  
Hancock County  
7141 Township Road 29  
Jenera, Ohio 45841-8919

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Van Buren Township, Hancock County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated July 2, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-003 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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 and 2014-002.

***Township's Response to Findings***

The Township's response to the findings 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.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 2, 2015

**VAN BUREN TOWNSHIP  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Finding For Recovery Repaid Under Audit**

***State ex rel McClure v. Hagerman (1951), 155 Ohio St. 320*** provides expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states the Auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect

In 2014, \$5.75 plus tax was spent on alcohol purchased by the Township Fiscal Officer while in Columbus for a conference. The purchase was made with a personal credit card and later reimbursed by the Township via check voucher. The Fiscal Officer signed the check. Based on the above, alcohol is not a proper public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Lowell Rossman, in the amount of \$5.75 plus tax in favor of Van Buren Township General Fund.

\$6.19 was repaid under audit to the Township’s General Fund on May 30, 2015.

**FINDING NUMBER 2014-002**

**Finding For Recovery Repaid Under Audit**

**Ohio Rev. Code § 505.601** provides that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

**FINDING NUMBER 2014-002  
(Continued)**

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs", because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents. There is no authority, statutory or otherwise, for reimbursement of the premium costs attributable to an officer/employee's spouse or dependents.

The Township mistakenly believed that it could reimburse its officers for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer for the premium attributable to that officer/employee. The Township also reimbursed officers for Medicare B which was reimbursed to them already by OPERS or SERS and Medicare tax withheld from their paycheck. In addition, medical expenses co-pays/deductibles are not permitted nor are self-employment tax. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

Trustee	Year	Amount Reimbursed	Amount Allowable	Amount Overpaid
John Wilson	2013	\$2,500.00	\$2,399.12	\$100.88
	2014	2,500.00	2,193.12	306.88
Total overpayment		<u>\$5,000.00</u>	<u>\$4,592.24</u>	<u>\$407.76</u>
David Weihrauch	2012	2,500.00	1,646.40	853.60
	2013	2,500.00	1,918.87	581.13
	2014	2,500.00	2,008.53	491.47
Total overpayment		<u>\$5,000.00</u>	<u>\$3,654.93</u>	<u>\$1,926.20</u>
Lowell Rossman	2012	2,500.00	1,960.80	539.20
	2013	2,445.39	1,720.80	724.59
	2014	2,319.48	1,588.80	730.68
Total overpayment		<u>\$4,819.48</u>	<u>\$3,549.60</u>	<u>\$1,994.47</u>

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Trustees John Wilson, in the amount of \$407.76; Dave Weihrauch in the amount of \$1,926.20; Fiscal Officer, Lowell Rossman in the amount of \$1,994.47, for a total amount of \$4,328.43 and in favor of the General Fund and Gas Fund of Van Buren Township in the amounts of \$2,224.58 and \$2,103.85, respectively.

On June 16, 2015, \$4,328.43 was repaid under audit to the Township's General Fund and Gas Fund in the amounts of \$2,224.58 and \$2,103.85, respectively.

**FINDING NUMBER 2014-003**

**Material Weakness - Monitoring Financial Statements**

Various transactions were improperly classified in 2014 and 2013 due to insufficient monitoring by management. The financial statements have been adjusted to reflect reclassifications as follows:

- The general fund balance at December 31, 2014 and 2013 was included with the following year's appropriation meaning the fund balance should have been classified as assigned instead of unassigned in the amount of \$32,688 and \$50,859, respectfully.
- The cemetery bequest fund balance is included as a special revenue fund type, and the entire balance was classified as nonspendable instead of restricted fund balance in the amount of \$32,756 and \$32,944 in 2014 and 2013, respectively.

Accurate financial reporting is the responsibility of the Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance provided in the Ohio Township Handbook issued by the Auditor of State, and Council adopt procedures for reviewing the financial statements for accuracy.

**Officials' Response:**

Fiscal Officer made an honest mistake and all amounts were paid back.

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# Dave Yost • Auditor of State

**VAN BUREN TOWNSHIP**

**HANCOCK 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 28, 2015**