



Certified Public Accountants, A.C.

**VAN BUREN TOWNSHIP
DARKE COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

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Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Van Buren Township
7155 Painter Creek-Arcanum Road
Arcanum, Ohio 45304

We have reviewed the *Independent Auditor's Report* of Van Buren Township, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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.

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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 1, 2020

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VAN BUREN TOWNSHIP
DARKE COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 1, 2020

Van Buren Township
Darke County
7155 Painter Creek-Arcanum Road
Arcanum, Ohio 45304

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of **Van Buren Township**, Darke County, (the Township) as of and for the years ended December 31, 2019 and 2018.

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 such 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 opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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RSM US Alliance

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

As described in Note 2 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 (GAAP), 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 opinions on this accounting basis are 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, 2019 and 2018, 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 cash balances, receipts and disbursements by fund type, and related notes of Van Buren Township, Darke County as of December 31, 2019 and 2018, and 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 2.

Emphasis of Matter

As discussed in Note 10 and 11 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 76,067	\$ 81,803	\$ -	\$ 157,870
Licenses, Permits and Fees	-	45,961	-	45,961
Intergovernmental	30,695	123,827	40,000	194,522
Earnings on Investments	7,227	3,219	-	10,446
Miscellaneous	1,946	-	-	1,946
<i>Total Cash Receipts</i>	<u>115,935</u>	<u>254,810</u>	<u>40,000</u>	<u>410,745</u>
Cash Disbursements				
Current:				
General Government	38,960	6,291	-	45,251
Public Safety	368	31,014	-	31,382
Public Works	720	64,142	-	64,862
Health	10,309	62,891	-	73,200
Other	-	386	-	386
Capital Outlay	102,562	15,673	40,000	158,235
<i>Total Cash Disbursements</i>	<u>152,919</u>	<u>180,397</u>	<u>40,000</u>	<u>373,316</u>
<i>Net Change in Fund Cash Balances</i>	(36,984)	74,413	-	37,429
<i>Fund Cash Balances, January 1</i>	<u>443,973</u>	<u>203,352</u>	<u>-</u>	<u>647,325</u>
Fund Cash Balances, December 31				
Restricted	-	274,460	-	274,460
Assigned	406,989	-	-	406,989
Unassigned	-	3,305	-	3,305
<i>Fund Cash Balances, December 31</i>	<u>\$ 406,989</u>	<u>\$ 277,765</u>	<u>\$ -</u>	<u>\$ 684,754</u>

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$ 993
<i>Total Operating Cash Receipts</i>	993
<i>Net Change in Fund Cash Balances</i>	993
<i>Fund Cash Balances, January 1</i>	53,551
<i>Fund Cash Balances, December 31</i>	\$ 54,544

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 Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Van Buren Township, Darke 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, Memorial Day flowers for Cemetery Bequest donors and oversight of Township Zoning Regulations. The Township contracts with the Village of Arcanum and the Gettysburg Rural Fire Company for fire protection within the Township. The Township appropriates Fire Fund monies to pay yearly fire protection contracts.

Public Entity Risk Pools

The Township participates in a public entity risk pool for insurance purposes. OTARMA is the Township's insurance carrier. The management pool is through OTARMA, and is associated with a related organization. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The Road and Bridge Fund accounts for and reports the portion of Voted levy tax restricted for maintenance and repair of roads within the Township.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The Cemetery Fund accounts for and reports that portion of Voted levy tax restricted for the maintenance, repairs and upkeep of Township (Abbottsville) Cemetery. Also any revenue income from sale of Cemetery lots and grave spaces and expenses to operate the Abbottsville Cemetery are accounted for in this Fund.

Fire Fund The Fire Fund accounts for and reports that portion of Voted levies restricted for the purchase of Township Fire Protection.

Permissive Motor Vehicle Licenses Fund The Permissive MVL Fund accounts for and reports that portion of tax received for the purpose of roads, signs and machinery maintenance.

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:

Issue II Fund The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement. The Township received a \$40,000 grant to help finance the Drew Road resurfacing project at a total cost of \$142,424.

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.

Private Purpose Trust Fund Non-expendable monies paid to Township of which only interest earned on investment of monies can be spent by the Township. The interest is earned on the purchase of Certificate of Deposits. The monies used to purchase the CDs is derived from the non-expendable Cemetery Bequests.

Basis of Accounting

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.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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 ledger balance of the fund at any time and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end. Continued monitoring of fund balances are made before any disbursements. Allowable transfers of monies are made, if needed, to assure positive fund balances. No purchase orders are used because disbursement checks are not issued by Fiscal Officer unless fund balances remain positive after disbursement or encumbrance.

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.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not have any encumbrances this year therefore did not use the encumbrance method of accounting.

A summary of 2019 budgetary activity appears in Note 3.

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 had the following FDIC insured checking and savings accounts:

- Second National Bank Demand Checking Account
- Second National Bank Money Market Account
- Second National Bank CDARS Investment Account
- Greenville National Bank Certificate of Deposit Accounts (Cemetery Bequest Monies)

Money market mutual funds are recorded in dollars on the monthly SNB statement.

Capital Assets

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
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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:

Nonspendable The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

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.

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.

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.

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.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,935	\$ 115,935	\$ -
Special Revenue	254,811	254,810	1
Capital Projects	130,208	40,000	90,208
Fiduciary	994	993	(1)
Total	\$ 501,948	\$ 411,738	\$ 90,208

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 553,483	\$ 152,919	\$ 400,564
Special Revenue	427,853	180,397	247,456
Capital Projects	130,208	40,000	90,208
Fiduciary	1,653	-	1,653
Total	\$ 1,113,197	\$ 373,316	\$ 739,881

Note 4 – Deposits

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

	2019
Demand deposits	\$ 436,401
Certificates of deposit	302,897
Total deposits	\$ 739,298

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System. (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes

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.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees 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. 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, 2019.

Retirement Rates	Year	Membership Rate	Employer Rate
OPERS - Local	2012-2019	10%	14%

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 9 – Related Party Transactions

One Township Trustee is a relative to the person who cash rents the Township's Cemetery farm land. During the cash rent negotiations the related Trustee abstains from any negotiations or determining process. Also the Trustee abstains to vote on contract.

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 75,010	\$ 79,771	\$ 154,781
Licenses, Permits and Fees	-	39,769	39,769
Intergovernmental	29,457	112,228	141,685
Earnings on Investments	4,824	1,639	6,463
Miscellaneous	4,449	-	4,449
<i>Total Cash Receipts</i>	<u>113,740</u>	<u>233,407</u>	<u>347,147</u>
Cash Disbursements			
Current:			
General Government	43,729	1,288	45,017
Public Safety	367	30,876	31,243
Public Works	-	63,437	63,437
Health	10,157	66,409	76,566
Capital Outlay	937	84,993	85,930
<i>Total Cash Disbursements</i>	<u>55,190</u>	<u>247,003</u>	<u>302,193</u>
<i>Net Change in Fund Cash Balances</i>	58,550	(13,596)	44,954
<i>Fund Cash Balances, January 1</i>	<u>385,423</u>	<u>216,948</u>	<u>602,371</u>
Fund Cash Balances, December 31			
Restricted	-	194,417	194,417
Assigned	443,973	-	443,973
Unassigned	-	8,935	8,935
<i>Fund Cash Balances, December 31</i>	<u>\$ 443,973</u>	<u>\$ 203,352</u>	<u>\$ 647,325</u>

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

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$ 225
<i>Total Operating Cash Receipts</i>	225
 <i>Net Change in Fund Cash Balances</i>	 225
 <i>Fund Cash Balances, January 1</i>	 53,326
 <i>Fund Cash Balances, December 31</i>	 \$ 53,551

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 Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Van Buren Township, Darke 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, Memorial Day flowers for Cemetery Bequest donors and oversight of Township Zoning Regulations. The Township contracts with the Village of Arcanum and the Gettysburg Rural Fire Company for fire protection within the Township. The Township appropriates Fire Fund monies to pay yearly fire protection contracts.

Public Entity Risk Pools

The Township participates in a public entity risk pool for insurance purposes. OTARMA is the Township's insurance carrier. The management pool is through OTARMA, and is associated with a related organization. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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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:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The Road and Bridge Fund accounts for and reports the portion of Voted levy tax restricted for maintenance and repair of roads within the Township.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Cemetery Fund The Cemetery Fund accounts for and reports that portion of Voted levy tax restricted for the maintenance, repairs and upkeep of Township (Abbottsville) Cemetery. Also any revenue income from sale of Cemetery lots and grave spaces and expenses to operate the Abbottsville Cemetery are accounted for in this Fund.

Fire Fund The Fire Fund accounts for and reports that portion of Voted levies restricted for the purchase of Township Fire Protection.

Permissive Motor Vehicle Licenses Fund The Permissive MVL Fund accounts for and reports that portion of tax received for the purpose of roads, signs and machinery maintenance.

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.

Private Purpose Trust Fund Non-expendable monies paid to Township of which only interest earned on investment of monies can be spent by the Township. The interest earned on the purchase of Certificate of Deposits. The monies used to purchase the CDs is derived from the non-expendable Cemetery Bequests.

Basis of Accounting

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.

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. Appropriations lapse at year-end. No purchase orders are used because disbursement checks aren't issued by Fiscal Officer unless fund balances remain positive after disbursement or encumbrance.

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.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not have any encumbrances this year therefore did not use the encumbrance method of accounting.

A summary of 2018 budgetary activity appears in Note 4.

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 had the following FDIC insured checking and savings accounts:

- Second National Bank Demand Checking Account
- Second National Bank Money Market Account
- Second National Bank CDARS Investment Account
- Greenville National Bank Certificate of Deposit Accounts (Cemetery Bequest Monies)

Money market mutual funds are recorded in dollars on the monthly SNB statement.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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:

Nonspendable The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

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.

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.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the Road and Bridge fund and Cemetery fund by \$1,175 and \$3,131 for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 113,740	\$ 113,740	\$ -
Special Revenue	233,407	233,407	-
Fiduciary	225	225	-
Total	<u>\$ 347,372</u>	<u>\$ 347,372</u>	<u>\$ -</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 495,073	\$ 55,190	\$ 439,883
Special Revenue	437,508	247,003	190,505
Fiduciary	535	-	535
Total	<u>\$ 933,116</u>	<u>\$ 302,193</u>	<u>\$ 630,923</u>

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Deposits

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

	2018
Demand deposits	\$ 397,979
Certificates of deposit	302,897
Total deposits	<u>\$ 700,876</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System. (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Risk Management (Continued)

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees 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. 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, 2018.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2012-2018	10%	14%

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Van Buren Township
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Related Party Transactions

One Township Trustee is a relative to the person who cash rents the Township's Cemetery farm land. During the cash rent negotiations, the related Trustee abstains from any negotiations or determining process.

Note 11 – Subsequent Events

The Township has applied for an Issue II grant to help in a Capital Project road improvement for 2019. Also, the United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.



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740.373.0056

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304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

May 1, 2020

Van Buren Township
Darke County
7155 Painter Creek-Arcanum Road
Arcanum, Ohio 45304

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 the cash balances, receipts, and disbursements by fund type of **Van Buren Township**, Darke County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2020, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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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, 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 audit findings as items 2019-002 and 2019-003.

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 report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

Posting Receipts, Disbursements and Fund Balance Classification

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The five balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned, and unassigned.

In addition, GASB 54 defines permanent funds as funds "...used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry." Private purpose trust funds "...should be used to report situations in which the government is required to use the principal and earnings for the benefit of individuals, private organizations, or other governments." Investing a specific portion of the fee charged to everyone for the sale of lots and using the interest to cover ongoing maintenance of a cemetery is benefitting the government or citizenry and would be reported as a permanent fund. Allowing individuals the option to contribute the principal and/or interest designated for placing flowers on specific grave sites is benefitting individuals and would be a private purpose trust fund.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Budget carryover amounts in the General Fund were misclassified as Unassigned instead of Assigned in both 2019 and 2018;
- The fund balances of the Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund, Permissive Motor Vehicle License Fund, and Cemetery Bequest Fund were incorrectly classified as Unassigned instead of Restricted in both 2019 and 2018;
- The interest earned on the bequest funds was recorded in a Permanent Fund instead of the Private Purpose Trust Fund in 2019 and 2018;
- One disbursement for an OPWC project was incorrectly recorded as a transfer in / transfer out within the Capital Projects Fund during 2019; and
- One passthrough receipt / disbursement from OPWC was incorrectly recorded as a transfer in / transfer out within the Capital Projects Fund during 2019 instead of as an Intergovernmental receipt and capital outlay disbursement.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications. The Township has made all adjustments to its accounting system.

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Posting Receipts, Disbursements and Fund Balance Classification (Continued)

The following errors noted in the Township's financial statements were determined to be immaterial and did not require adjustments to properly present the Township's financial activity:

Governmental Accounting Standards Board (GASB) Statement No. 54 par. 5 (GASB Codification 1800.165), states, in part, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Auditor of State Bulletin 2011-004 further states that the Zoning Fund has no constraint imposed on the resources, either internally or externally, and therefore, must be reported as part of the general fund unassigned balance. During 2018 and 2019, the Township reported the Zoning Fund as part of the Special Revenue funds rather than the General Fund. Therefore, the 2018 General Fund balance beginning balance, receipts, expenditures, and ending balance were understated and the Special Revenue Funds were overstated by \$8,498; \$1,725; \$1,288; and \$8,935, respectively. The 2019 General Fund balance beginning balance, receipts, expenditures, and ending balance was understated and the Special Revenue Funds were overstated by \$8,935; \$660; \$6,291; and \$3,305 respectively.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements.

The Fiscal Officer should refer to the Ohio Township Handbook for the proper classification and take additional care in posting transactions to the Township's ledger and annual financial report in order to ensure the Township's year-end financial statement reflect the appropriate sources and uses of the Township's receipts. The Fiscal Officer should also refer to Auditor of State Technical Bulletin 2011-004 for information on fund and fund balance classifications.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-002

Noncompliance/Material Weakness

Budgetary Controls

The budget is an instrument of public policy. A governing board expresses its desire for using a government's limited resources through its applications. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

**VAN BUREN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002 (Continued)

Noncompliance/Material Weakness (Continued)

Budgetary Controls (Continued)

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources in 2018;
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds;
- Appropriations and Estimated Resources were not reconciled to the accounting system.

The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Township Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to the Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure to ensure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2019-003

Noncompliance

Ohio Rev. Code §117.38 requires all entities to file their financial information in the Hinkle System formerly known as the Annual Financial Data Reporting System (AFDRS). Van Buren Township is required to file its financial statements and notes within 60 days after the close of the fiscal year.

We reviewed the Hinkle System filing to verify the Township filed their financial information as required for the years ended December 31, 2019 and 2018 and although financial statements were filed in a timely manner, the Private Purpose Trust Fund was not included within the 2018 filed financial statements. An adjustment was made to the financial statements to reflect the Private Purpose Trust Fund balance.

The Township should have policies and procedures in place to ensure the annual financial reports are filed completely and in accordance with applicable laws and regulations to promote sound financial reporting and accountability.

Officials' Response: We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



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
JULY 14, 2020**