



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VAN BUREN TOWNSHIP
SHELBY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Van Buren Township
Shelby County
P.O. Box 143
Kettlersville, Ohio 45336

To the Board of Trustees:

We have audited the accompanying financial statements of Van Buren Township, Shelby County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Van Buren Township, Shelby County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 2, 2000

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$9,580	\$80,112		\$89,692
Intergovernmental	1,973,873	71,416	28,783	\$2,074,072
Charges for Services	240			\$240
Special Assessments		3,557		\$3,557
Earnings on Investments	51,512	3,300		\$54,812
Other Revenue	30,304			\$30,304
	<u>2,065,509</u>	<u>158,385</u>	<u>28,783</u>	<u>2,252,677</u>
Total Cash Receipts				
	<u>2,065,509</u>	<u>158,385</u>	<u>28,783</u>	<u>2,252,677</u>
Cash Disbursements:				
Current:				
General Government	48,037	1,500		49,537
Public Safety	1,353	6,200		7,553
Public Works		103,431		103,431
Health	4,766			4,766
Capital Outlay	17,754		28,783	46,537
	<u>71,910</u>	<u>111,131</u>	<u>28,783</u>	<u>211,824</u>
Total Cash Disbursements				
	<u>71,910</u>	<u>111,131</u>	<u>28,783</u>	<u>211,824</u>
Total Receipts Over Disbursements	<u>1,993,599</u>	<u>47,254</u>	<u>0</u>	<u>2,040,853</u>
Fund Cash Balances, January 1	<u>64,736</u>	<u>179,819</u>	<u>0</u>	<u>244,555</u>
Fund Cash Balances, December 31	<u>\$2,058,335</u>	<u>\$227,073</u>	<u>\$0</u>	<u>\$2,285,408</u>

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,759	\$78,656	\$88,415
Intergovernmental	34,789	68,492	\$103,281
Special Assessments		3,572	\$3,572
Earnings on Investments	3,026	1,150	\$4,176
Other Revenue	12,971	118	\$13,089
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,545	151,988	\$212,533
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	26,223	754	26,977
Public Safety	2,022	5,578	7,600
Public Works	98	76,105	76,203
Health	4,637		4,637
Capital Outlay	49,010		49,010
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	81,990	82,437	164,427
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(21,445)	69,551	48,106
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	86,181	110,268	196,449
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$64,736</u>	<u>\$179,819</u>	<u>\$244,555</u>

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Van Buren Township, Shelby County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

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

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to resurface roads.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township had no encumbrances at year-end.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$1,263,372</u>	<u>\$244,555</u>
Total deposits	<u>1,263,372</u>	<u>244,555</u>
STAR Ohio	<u>1,022,036</u>	<u>0</u>
Total investments	<u>1,022,036</u>	<u>0</u>
Total deposits and investments	<u><u>\$2,285,408</u></u>	<u><u>\$244,555</u></u>

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

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,981,924	\$2,065,510	\$83,586
Special Revenue	157,159	158,385	1,226
Capital Projects	<u>28,783</u>	<u>28,783</u>	<u>0</u>
Total	<u><u>\$2,167,866</u></u>	<u><u>\$2,252,678</u></u>	<u><u>\$84,812</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,043,994	\$71,910	\$1,972,084
Special Revenue	336,977	111,131	225,846
Capital Projects	<u>0</u>	<u>28,783</u>	<u>(28,783)</u>
Total	<u><u>\$2,380,971</u></u>	<u><u>\$211,824</u></u>	<u><u>\$2,169,147</u></u>

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,974	\$60,545	\$22,571
Special Revenue	153,389	151,988	(1,401)
Total	\$191,363	\$212,533	\$21,170

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,155	\$81,990	\$42,165
Special Revenue	263,656	82,437	181,219
Total	\$387,811	\$164,427	\$223,384

Section 5705.41(B), Ohio Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. In 1999, \$28,783 or 100% of Capital Projects, Issue II expenditures were not appropriated by the Township.

4. PROPERTY TAX

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

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 by each April 30.

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

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine
- Public Official's Liability

The Township also provides health insurance coverage to the clerk through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Van Buren Township
Shelby County
P.O. Box 143
Kettlersville, Ohio 45336

To the Board of Trustees:

We have audited the accompanying financial statements of Van Buren Township, Shelby County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-40275-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 2, 2000.

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 2, 2000

**VAN BUREN TOWNSHIP
SHELBY COUNTY**

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

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

FINDING NUMBER 1999-40275-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Capital Projects Fund was found to have expenditures which exceeded appropriations, as the Township did not appropriate Issue II expenditures in the Capital Projects Fund during 1999. \$28,783, or 100% of the Capital Projects fund type expenditures, were not appropriated by the Township. The lack of appropriations could result in the Township expending funds that are not available. The Township should appropriate all funds prior to authorizing expenditures.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VAN BUREN TOWNSHIP

SHELBY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 13, 2000**