



Dave Yost • Auditor of State



VAN BUREN TOWNSHIP  
SHELBY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees

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

We have audited the accompanying financial statements and related notes of Van Buren Township, Shelby County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***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 1 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 requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, 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, Shelby as of December 31, 2013 and 2012, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2014, 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

August 21, 2014

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$17,631	\$180,256		\$197,887
Charges for Services	500			500
Licenses, Permits and Fees	2,098	1,200		3,298
Intergovernmental	172,827	120,689	\$2,051	295,568
Special Assessments		7,122		7,122
Earnings on Investments	2,177	1,418		3,595
Miscellaneous	2,575			2,575
Total Cash Receipts	<u>197,809</u>	<u>310,685</u>		<u>510,545</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	225,381			225,381
Public Safety	2,117	26,911		29,028
Public Works		96,832		96,832
Health	10,439	1,939		12,378
Capital Outlay	6,825	37,373		44,198
Total Cash Disbursements	<u>244,762</u>	<u>163,055</u>		<u>407,817</u>
Total Receipts Over/(Under) Disbursements	<u>(46,953)</u>	<u>147,630</u>	<u>2,051</u>	<u>102,728</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Capital Assets	15,900			15,900
Other Financing Sources	1,553			1,553
Total Other Financing Receipts/(Disbursements)	<u>17,453</u>			<u>17,453</u>
Net Change in Fund Cash Balances	<u>(29,500)</u>	<u>147,630</u>	<u>2,051</u>	<u>120,181</u>
Fund Cash Balance, January 1	<u>886,087</u>	<u>982,607</u>		<u>1,868,694</u>
<b>Fund Cash Balance, December 31</b>				
Restricted		815,408	2,051	817,459
Committed		314,829		314,829
Assigned	228,483			228,483
Unassigned (Deficit)	628,104			628,104
Fund Cash Balance, December 31	<u>\$856,587</u>	<u>\$1,130,237</u>	<u>\$2,051</u>	<u>\$1,988,875</u>

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

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Governmental Fund Types</b>		<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$17,716	\$181,812	\$199,528
Charges for Services	500		500
Licenses, Permits and Fees	1,098	2,257	3,355
Intergovernmental	85,711	122,744	208,455
Special Assessments		6,137	6,137
Earnings on Investments	1,993	720	2,713
Miscellaneous	2,057		2,057
Total Cash Receipts	<u>109,075</u>	<u>313,670</u>	<u>422,745</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
General Government	148,616		148,616
Public Safety	8,279	27,047	35,326
Public Works		61,493	61,493
Health	11,177	2,777	13,954
Capital Outlay		476	476
<b>Debt Service:</b>			
Principal Retirement	36,281	44,041	80,322
Interest and Fiscal Charges		2,964	2,964
Total Cash Disbursements	<u>204,353</u>	<u>138,798</u>	<u>343,151</u>
Total Receipts Over/(Under) Disbursements	<u>(95,278)</u>	<u>174,872</u>	<u>79,594</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers In		37,756	37,756
Transfers Out	(37,756)		(37,756)
Total Other Financing Receipts/(Disbursements)	<u>(37,756)</u>	<u>37,756</u>	
Fund Cash Balance, January 1	<u>1,019,121</u>	<u>769,979</u>	<u>1,789,100</u>
<b>Fund Cash Balance, December 31:</b>			
Restricted		726,142	726,142
Committed		256,465	256,465
Assigned	162,210		162,210
Unassigned (Deficit)	723,877		723,877
Fund Cash Balance, December 31	<u>\$886,087</u>	<u>\$982,607</u>	<u>\$1,868,694</u>

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

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGE IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	\$5,772
Capital Outlay	(5,772)
Total Non-Operating Receipts/Disbursements	-
Net Change in Fund Cash Balance	-
Fund Cash Balance, January 1	
Fund Cash Balance, December 31	\$0

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

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**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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, Shelby County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Minster Area Life Squad, New Bremen Area Life Squad, and Anna Area Life Squad to provide to provide ambulance services. The Township contracts with the Village of New Knoxville to provide additional fire services. The Shelby County Sheriff provides police protection.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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 District 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. Fiduciary Funds**

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

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

**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, or program level of control for the general fund and fund level of control for all other funds, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 2013 and 2012 budgetary activity appears in Note 3.

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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. Non-spendable**

The Township classifies assets as *non-spendable* 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  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2013</b>	<b>2012</b>
Certificates of deposit	\$18,040	\$18,040
Other time deposits (savings and NOW accounts)	405,705	588,265
Total deposits	423,745	606,305
STAR Ohio	1,565,130	1,262,389
Total investments	1,565,130	1,262,389
Total deposits and investments	\$1,988,875	\$1,868,694

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

**2013 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$228,040	\$215,262	(\$12,778)
Special Revenue	314,664	310,685	(3,979)
Capital Projects	2,051		(2,051)
Total	\$544,755	\$525,947	(\$18,808)

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$390,250	\$244,762	\$145,488
Special Revenue	562,631	163,055	399,576
Total	\$952,881	\$407,817	\$545,064

**2012 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$114,373	\$109,075	(\$5,298)
Special Revenue	312,655	351,426	38,771
Fiduciary	5,772	5,772	0
Total	\$432,800	\$466,273	\$33,473

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>				
<b>Fund Type</b>		<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
	General	\$422,600	\$242,109	\$180,491
Special Revenue		594,329	138,798	455,531
Capital Projects		5,772	5,772	
Total		\$1,022,701	\$386,679	\$636,022

**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.

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

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

The volunteer firemen belong to Social Security.

**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  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**A. 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.

**B. 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.

	<b>2013</b>	<b>2012</b>
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 \$6,000.

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.

<b>Contributions to OTARMA</b>	
<b>2013</b>	<b>2012</b>
\$10,619	\$10,314

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.

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. RELATED PARTY TRANSACTIONS**

The Township Trustees approved hiring Tammy Luthman, to clean the Township building for \$1,560 per year. Ms. Luthman is the sister in law of Trustee Alan Luthman.

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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  
Shelby County  
P.O. Box 143  
Kettlersville, Ohio 45336

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, Shelby County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2014, 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 opinions 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 2013-001 described in the accompanying schedule of findings to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 21, 2014

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Material Weakness – Financial Reporting Comment**

The Township prepared its annual financial statements in accordance with accounting practices the Auditor of State prescribes or permits. The financial statements contained the following errors.

The following material misstatements have been posted as reclassifications and adjustments to the financial statements:

- In 2012 General Fund, General Government Expenditures were overstated by \$36,281 and Principal Expenditures were understated by \$36,281.
- In 2012 Intergovernmental revenue and capital outlay expenditures were overstated by \$5,772. Agency fund Intergovernmental Revenue and Capital Outlay disbursements were understated by \$5,772 due to the township recording Issue II funds into and out of capital projects, as opposed to an agency fund as indicated in Auditor of State bulletin 2002-004
- In 2012 Special Revenue Funds, Assigned fund balance was overstated by \$7,063, Restricted fund balance was overstated by \$249,402, and committed fund balance was understated by \$256,465.
- In 2012 Special Revenue Funds, Public Safety Expenditures were overstated by \$5,362, and Principal and Interest Expenditures were understated by \$4,366 and \$996 respectively.
- In 2013 General Fund, Sale of Fixed assets were understated by \$15,900, Miscellaneous Revenue was overstated by \$7,100, and Other Financing Sources was overstated by \$8,800.
- In 2013 Special Revenue Funds, Committed fund balance was understated by \$314,829 and Restricted fund balance was overstated by \$314,829.

The following misstatements were noted as unadjusted differences:

- In 2012 General Fund, Earnings on investments was not recorded in the amount of \$2,924, and remained unrecorded during 2013.
- In 2012 General Fund, General Government Expenditures were overstated by \$5,920 and Public Safety Expenditures were understated by \$5,920.
- In 2012 Special Revenue Funds, Earnings on investments was not recorded in the amount of \$1,301, and remained unrecorded during 2013.
- In 2013 General Fund, General Government Expenditures were overstated by \$7,212, and Public Safety Expenditures were understated by \$7,212.

To improve the accuracy and completeness of the Township's financial statements and provide comparative financial statements from year to year, the posting of receipts and expenditures should be performed consistently with the instructions contained in the Ohio Township Handbook and the Uniform Accounting Network (UAN) Chart of Accounts.

**Official's Response:**

I have reviewed the notes from our most recent audit and will diligently do my best for the best interest of Van Buren Township to properly classify receipts and expenditures.

**VAN BUREN TOWNSHIP  
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Material Weakness – Classifying Revenues – failure to record gas tax intergovernmental receipts in the gas tax fund, and failure to report the multi-jurisdictional Issue II funding in a Fiduciary (Agency) fund.	No	Repeated as Finding 2013-001



# Dave Yost • Auditor of State

**VAN BUREN TOWNSHIP**

**SHELBY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 23, 2014**