

ALLEN TOWNSHIP

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
Allen Township
12132 Detrick Road
Rossburg, Ohio 45362

We have reviewed the *Independent Accountants' Report* of Allen Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 2, 2009

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**ALLEN TOWNSHIP
DARKE COUNTY**

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

INDEPENDENT ACCOUNTANTS' REPORT

Allen Township
Darke County
12132 Detrick Road
Rossburg, Ohio 45362

To the Board of Trustees:

We have audited the accompanying financial statements of Allen Township, Darke County, (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Allen Township, Darke County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determines is necessary to supplement, although not required to be a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 18, 2009

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**ALLEN TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Taxes	\$ 4,420	\$ 66,090	\$ 70,510
Licenses, Permits and Fees	48	0	48
Intergovernmental Receipts	28,415	101,696	130,111
Interest	117	234	351
Other	0	95	95
Total Cash Receipts	33,000	168,115	201,115
Cash Disbursements:			
Current:			
General Government	42,547	0	42,547
Public Safety	0	46,232	46,232
Public Works	18,634	66,971	85,605
Health	4,226	0	4,226
Capital Outlay	0	10,616	10,616
Total Cash Disbursements	65,407	123,819	189,226
Total Receipts Over/(Under) Disbursements	(32,407)	44,296	11,889
Other Financing Receipts/Disbursements			
Sale of Fixed Assets	0	6,000	6,000
Total Other Financing Receipts/(Disbursements)	0	6,000	6,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(32,407)	50,296	17,889
Fund Cash Balances, January 1	15,138	109,473	124,611
Fund Cash Balances, December 31	\$ (17,269)	\$ 159,769	\$ 142,500

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

**ALLEN TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	GOVERNMENTAL FUND TYPES		
	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Taxes	\$ 9,787	\$ 25,032	\$ 34,819
Licenses, Permits and Fees	19	0	19
Intergovernmental Receipts	25,661	139,653	165,314
Interest	236	471	707
Other	0	43	43
Total Cash Receipts	35,703	165,199	200,902
Cash Disbursements:			
Current:			
General Government	37,541	0	37,541
Public Safety	0	41,035	41,035
Public Works	18,115	65,094	83,209
Health	4,079	0	4,079
Capital Outlay	0	52,870	52,870
Total Cash Disbursements	59,735	158,999	218,734
Total Receipts Over/(Under) Disbursements	(24,032)	6,200	(17,832)
Fund Cash Balances, January 1	39,170	103,273	142,443
Fund Cash Balances, December 31	\$ 15,138	\$ 109,473	\$ 124,611

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

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Allen Township, Darke 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Villages of Rossburg and Burketsville to provide fire services and the Village of Ansonia to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Certificates of deposit are valued at cost.

D. Fund Accounting

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

General Fund:

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

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Funds:

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

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

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

Fire District Fund – This fund receives proceeds of a property tax levy for providing fire services to Township residents.

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

Permissive Motor Vehicle License Fund – This fund receives the proceeds of a Township levied fee for constructing, maintaining, and repairing Township roads.

E. Budgetary Process

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

Appropriations

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

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.

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary (Continued)

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 2008 and 2007 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.

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>2008</u>	<u>2007</u>
Demand Deposits	<u>\$142,500</u>	<u>\$124,611</u>
Total Deposits and Investments	<u>\$142,500</u>	<u>\$124,611</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**ALLEN TOWNSHIP
DARKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,550	\$ 33,000	\$ (1,550)
Special Revenue	153,620	174,115	20,495
Total	<u>\$ 188,170</u>	<u>\$ 207,115</u>	<u>\$ 18,945</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,245	\$ 65,407	\$ 838
Special Revenue	246,535	123,819	122,716
Total	<u>\$ 312,780</u>	<u>\$ 189,226</u>	<u>\$ 123,554</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,021	\$ 35,703	\$ 2,682
Special Revenue	158,125	165,199	7,074
Total	<u>\$ 191,146</u>	<u>\$ 200,902</u>	<u>\$ 9,756</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 72,192	\$ 59,735	\$ 12,457
Special Revenue	261,398	158,999	102,399
Total	<u>\$ 333,590</u>	<u>\$ 218,734</u>	<u>\$ 114,856</u>

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 August 22.

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.

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township contracted with EMC Insurance through Hamilton Mutual to provide property and casualty coverage with coverage as follows:

Type of Coverage	Amount of Coverage
Legal Liability	\$1,000,000
Automobile Liability	1,000,000
Wrongful Acts	1,000,000
Property	2,000,000
Umbrella	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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. The System administers and pays all claims.

7. COMPLIANCE

Contrary to Ohio Law, ORC 5705.41 states, shall not expend money unless it has been appropriated. Expenditures exceeded appropriations in the fire fund in 2007.

Contrary to Ohio Law, ORC 5705.36, estimated resources exceeded actual revenues in the general and motor vehicle license funds in 2008 by \$1,550 and \$752, respectively; and motor vehicle license fund by \$1, 610 in 2007.

Contrary to Ohio Law, ORC 5705.41 (D) prohibits a subdivision from expending money unless a certificate (purchase order) signed by the fiscal officer is attached thereto. The Township did not properly certify the availability of funds prior to purchase commitments.

Contrary to Ohio Law, ORC 5705.10, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. The Township had a negative fund balance in the General Fund at December 31, 2008 in the amount of \$17,269.

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**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Allen Township
Darke County
744 Pickett Road
Union City, Ohio 45390

To the Board of Trustees:

We have audited the financial statements of Allen Township, Darke County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 18, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2008-004 through 2008-006.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings number 2008-004 through 2007-006 are also material weaknesses.

We noted certain matters that we reported to the Township's management in a separate letter dated May 18, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2008-001 through 2008-005.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated May 18, 2009.

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

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

Manning & Associates CPAs, LLC
Dayton, Ohio
May 18, 2009

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- 1. "Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
- 2. Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority any specific line item account over a period not running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3. Super Blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001(Continued):

The Township did not properly certify the availability of funds prior to purchase commitment of disbursements of 95 percent in 2007. In 2008, the Township began issuing “then and now PO’s “for all disbursements. Then and Now PO’s should be used on items less than \$3,000. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires, to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Fiscal Officer shall certify the availability of funds for expenditures prior to incurring obligations or shall make use of the “Then and Now” certificates as a means to certify funds.

FINDING NUMBER 2008-002

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall expend money unless it has been appropriated. In 2008, the Township had instances where budgetary expenditures exceeded the amounts appropriated at the legal level of control:

Fund	Appropriations	Expenditures	Variance
Fire Fund	\$44,675	\$46,232	(\$1,557)

The Township should monitor appropriations and expenditures throughout the year, making amendments to appropriations as needed to comply with the requirement that expenditures cannot exceed the amounts appropriated at the legal level of control. Implementing these procedures will also reduce the risk that the Township expends or certifies as available more resources than were legally appropriated by the Board of Trustees.

Response: Fiscal Officer will monitor budgetary compliance more closely in the future.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-003

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The Township did not obtain an amended certificate of estimated resources for the following fund that had actual revenues less than estimated revenues.

Estimated resources exceeded actual receipts in the following funds:

	<u>Estimated Revenue</u>	<u>Revenue Received</u>	<u>Variance</u>
2008			
General Fund	\$34,550	\$33,000	(\$1,550)
MVL Tax Fund	\$7,300	\$6,548	(\$752)
2007			
MVL Tax Fund	\$8,810	\$6,570	(\$1,610)

Failure to amend the certificate of estimated resources when actual revenue is less than expected revenue could result in the Township incurring expenditures in excess of actual available resources.

Response: Fiscal Officer will monitor budgetary compliance more closely in the future.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-004

Ohio Revised Code Section 505.24 9 (C) and OAG Opinion 2004-036 requires Township Trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kind of services rendered. If Trustee compensation is paid solely from the General Fund, documentation of hours spent by service is not required.

Trustees were paid from special revenue funds during 2008 and 2007 at 100 percent, which did not match the supporting documentation provided. These financial statements have been adjusted to reflect the actual percentage of time documented to the General and Gas Funds.

In addition, **Ohio Revised Code Section 505.601**, allows the board of township trustees of any township may procure and pay all or part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, and etc. If the board procures any insurance policies under this section, the board shall provide Board of Trustees uniform coverage under these polices for township officers and full-time township employees and their immediate dependents, from the funds or budgets form which the officers or employees are compensate for services.

The Trustees' insurance was allocated 100 percent entirely from special revenue funds in 2008 and 2007. In addition, the Fiscal Officer's insurance was allocated 100 percent to special revenue funds in 2008 and 2007. The payment of insurance should be allocated based on the same criteria as the payment of compensation to each fund. These financial statements have been adjusted to reflect the actual percentage of time documented to the General and Gas Funds for Trustees and to the General Fund for the Fiscal Officer.

It was also noted, payments for retirement (OPERS), were not properly recorded to each fund. Trustee's retirement contributions have been adjusted to reflect the actual percentage of time documented to the General and Gas Funds. Fiscal Officer's retirement has been adjusted to 100 percent General Fund.

The above adjustments resulted in a negative General fund balance at December 31, 2008 of \$17,269.

Response: Township Trustees' will review Ohio Revised Code and allocate payroll and related costs as required.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-005

Negative Fund Balances

Ohio Rev. Code, Section 5705.10, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The Township had a negative fund balance in the General Fund at December 31, 2008. This was caused by 2008 and 2007 audit adjustments relating to compensation and benefits recorded in the proper funds as explained in finding 2008-004.

Response: None

FINDING NUMBER 2008-006

Gasoline Usage Monitoring

Townships that have their own fueling facilities should have controls in place whereby the pump is locked, and only those designated parties should have a key. Also, a gas receipt should be utilized each time gas is placed in any vehicle by Township officials and employees. The date, gallons pumped, and signature of the official or employee should be provided on the invoice. A mileage log should be maintained by each person showing odometer readings, and the miles actually traveled on township business. This log should be signed by the official or employee and Township management to help ensure accuracy and completeness.

The Township utilizes a gasoline tank and pump, which is located on the property of one Trustee. The pump is locked, in which one Trustee has the key to the pump. The Township pays 100 percent of the fuel cost to maintain the pump.

The Township does not have any controls in place to monitor the usage of gasoline by Township officials. The Township should implement the procedures stated above to ensure that gas usage is properly documented.

Response: None

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.41(D) - Purchase Orders were not properly certified prior to the incurrence of each expense.	No	reissued as finding 2008-001



Mary Taylor, CPA
Auditor of State

ALLEN TOWNSHIP

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 15, 2009