

ALLEN TOWNSHIP

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Allen Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. 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.

Finding For Recovery – Repaid While Under Audit

Ohio Revised Code Section 507.09 provides for the maximum compensation to be paid to the Township fiscal officer. In both 2010 and 2009, Allen Township's total budget fell within a range setting the fiscal officer's maximum salary at \$12,733 per year. In both 2010 and 2009, the Fiscal Officer received a salary of \$12,826. Based on Ohio Revised Code Section 507.09 and the Township's budget each year, the Fiscal Officer was overpaid \$93 in both 2010 and 2009, for a total overpayment of \$186. In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Patricia Kaiser, fiscal officer, in the amount of \$186 and in favor of the Allen Township, Darke County, General Fund.

This error was brought to the attention of the fiscal officer and on June 22, 2011, Patricia Kaiser repaid the Township in the amount of \$186.

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 Auditors' 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Board of Trustees
Allen Township
Page 2

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

Dave Yost
Auditor of State

August 15, 2011

**ALLEN TOWNSHIP
DARKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2009	5
Notes to the Financial Statements	6 – 11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13 – 14
Schedule of Audit Findings	15 – 20
Schedule of Prior Audit Findings	21

Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' 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, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009. 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 that 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

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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, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 8 to the financial statements, the Township has suffered recurring losses from operations and has a negative general fund balance of \$\$39,639 and \$43,034 at December 31, 2010 and 2009, respectively. As of June 22, 2011, management has taken steps to reduce the negative balances; however no formal plan has been adopted.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined 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 June 22, 2011, 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

June 22, 2011

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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, 2010

	<u>GOVERNMENTAL FUND TYPES</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 11,121	\$ 67,195	\$ 78,316
Licenses, Permits and Fees	48	0	48
Intergovernmental Receipts	20,339	102,449	122,788
Earnings on Investments	30	96	126
Other	5,017	0	5,017
	<u>36,555</u>	<u>169,740</u>	<u>206,295</u>
Total Cash Receipts			
	<u>36,555</u>	<u>169,740</u>	<u>206,295</u>
Cash Disbursements:			
Current:			
General Government	28,374	0	28,374
Public Safety	0	44,570	44,570
Public Works	0	63,952	63,952
Health	4,786	0	4,786
Capital Outlay	0	21,718	21,718
	<u>33,160</u>	<u>130,240</u>	<u>163,400</u>
Total Cash Disbursements			
	<u>33,160</u>	<u>130,240</u>	<u>163,400</u>
Total Receipts Over/(Under) Disbursements			
	<u>3,395</u>	<u>39,500</u>	<u>42,895</u>
Fund Cash Balances, January 1	<u>(43,034)</u>	<u>197,814</u>	<u>154,780</u>
Fund Cash Balances, December 31	<u>\$ (39,639)</u>	<u>\$ 237,314</u>	<u>\$ 197,675</u>

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, 2009

	<u>GOVERNMENTAL FUND TYPES</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 11,072	\$ 65,857	\$ 76,929
Licenses, Permits and Fees	47	0	47
Intergovernmental Receipts	20,315	102,342	122,657
Earnings on Investments	33	93	126
	<u>31,467</u>	<u>168,292</u>	<u>199,759</u>
Total Cash Receipts			
	<u>31,467</u>	<u>168,292</u>	<u>199,759</u>
Cash Disbursements:			
Current:			
General Government	41,012	0	41,012
Public Safety	0	41,185	41,185
Public Works	11,728	79,864	91,592
Health	4,492	0	4,492
Capital Outlay	0	9,198	9,198
	<u>57,232</u>	<u>130,247</u>	<u>187,479</u>
Total Cash Disbursements			
	<u>57,232</u>	<u>130,247</u>	<u>187,479</u>
Total Receipts Over/(Under) Disbursements	(25,765)	38,045	12,280
Fund Cash Balances, January 1	<u>(17,269)</u>	<u>159,769</u>	<u>142,500</u>
Fund Cash Balances, December 31	<u>\$ (43,034)</u>	<u>\$ 197,814</u>	<u>\$ 154,780</u>

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, 2010 AND 2009**

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, 2010 AND 2009**

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, 2010 AND 2009

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 2010 and 2009 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>2010</u>	<u>2009</u>
Demand Deposits	<u>\$197,675</u>	<u>\$154,780</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, 2010 AND 2009

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 83,033	\$ 36,555	\$ (46,478)
Special Revenue	150,160	169,740	19,580
Total	<u>\$ 233,193</u>	<u>\$ 206,295</u>	<u>\$ (26,898)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 34,306	\$ 33,160	\$ 1,146
Special Revenue	347,973	130,240	217,733
Total	<u>\$ 382,279</u>	<u>\$ 163,400</u>	<u>\$ 218,879</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,735	\$ 31,467	\$ (8,268)
Special Revenue	165,590	168,292	2,702
Total	<u>\$ 205,325</u>	<u>\$ 199,759</u>	<u>\$ (5,566)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,451	\$ 57,232	\$ 5,219
Special Revenue	285,373	130,247	155,126
Total	<u>\$ 347,824</u>	<u>\$ 187,479</u>	<u>\$ 160,345</u>

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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.

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 2010 and 2009, OPERS participants contributed 10 percent of their wages and the Township contributed an amount equal to 14 percent of covered payroll. The Township has paid all contributions required through December 31, 2010.

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:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
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 administrators and pays all claims.

**ALLEN TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

7. BUDGETARY COMPLIANCE

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, the Township's estimated resources exceeded actual receipts in 2010 in the General, Motor Vehicle License, and Permissive Motor Vehicle License funds by \$46,479, \$69, and \$430, respectively. In 2009, the Township's estimated resources exceeded actual receipts in the General and Gasoline Tax funds by \$8,268 and \$2,426, respectively.

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. Contrary to Ohio Law, the Township's appropriations exceeded estimated resources in 2009 in the General, Gas funds by \$39,985 and \$21,472, respectively.

8. SUBSEQUENT EVENTS/FISCAL EMERGENCY DETERMINATION

The Township is experiencing financial difficulties. During the previous and current audit periods, the General Fund has sustained significant negative fund balances. At December 31, 2010 the balance was \$(39,639).

The Fiscal Officer and Board of Trustees have held meetings with the Local Government Services division to discuss potential ways to address the Township's financial difficulties. The Township has cut or eliminated some expenses that contributed to the negative balances. However, at June 22, 2011, management has not developed plans to address these conditions.

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Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

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

Allen Township
Darke County
12132 Detrick Road
Rossburg, Ohio 45362

To the Board of Trustees:

We have audited the financial statements of Allen Township, Darke County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 22, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001, 2010-002, and 2010-006 described in the accompanying schedule of findings to be material weaknesses.

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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 2010-007 described in the accompanying schedule of findings to be a significant deficiency.

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 matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001 through 2010-005, and 2010-007.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 22, 2011.

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 management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 22, 2011

**ALLEN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness

Fiscal Officer Compensation Overpayment

Ohio Revised Code Section 507.09 provides the limit on the maximum compensation to be paid to a Township fiscal officer. In both 2010 and 2009, Allen Township's total budget fell within a range setting the fiscal officer's maximum salary allowable at \$12,733 per year. In both 2010 and 2009, the Fiscal Officer received a salary of \$12,826. Based on Ohio Revised Code Section 507.09 and the Township's budget each year, the Fiscal Officer was overpaid by \$93 in both 2010 and 2009, for a total overpayment of \$186.

Response: The Fiscal Officer has paid back the overpayment as soon as it was discovered; this was due to error in calculation.

FINDING NUMBER 2010-002

Material Weakness

Negative Fund Balance

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 during for all of 2010 and 2009.

Additionally, the condition of the Township's General Fund has seen little to no improvement in the last two years. The General Fund had a negative ending cash balance in 2010 of (\$39,639). In 2009, the General Fund had a negative ending cash balance of (\$43,034).

Response: The Township is making efforts to improve the health of the General Fund, and has been working with the Auditor of State's office.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-003

Noncompliance

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, 2010 AND 2009**

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

FINDING NUMBER 2010-003, (Continued)

The Township did not properly certify the availability of funds prior to purchase commitment of disbursements of 50 percent of disbursements tested in 2010 and 25 percent of those tested in 2009. Additionally, the Township issued 8 Then and Now POs for amounts over the \$3,000 limitation in 2009.

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, authorizing 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 and shall make use of the "Then and Now" certificates as a means to certify funds per the Ohio Revised Code Section referenced above.

FINDING NUMBER 2010-004

Noncompliance

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.

**ALLEN TOWNSHIP
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-004, continued

The Township did not obtain an amended certificate of estimated resources for the following funds which had actual revenues less than estimated revenues and appropriations exceeded actual resources:

Fund	Estimated Receipts	Actual Receipts	Variance
2010			
General	\$ 83,033	\$ 36,555	\$ (45,478)
Motor Vehicle License	6,120	5,429	(691)
Permissive Motor Vehicle	5,500	5,070	(430)
2009			
General	\$ 39,735	\$ 31,467	\$ (8,268)
Gasoline Tax	90,300	87,874	(2,426)

Failure to obtain an amended certificate of estimated resources provided Trustees with an inaccurate estimate of resources available for appropriations and could have led to negative fund balances. The Township should monitor actual receipts and amend estimated receipts when necessary to keep estimates in line with actual receipts and make any corresponding amendments to appropriations and disbursements.

Response: The Trustees and Fiscal Officer recognize the importance of budgetary law and plan to monitor budgetary receipts in the future.

FINDING NUMBER 2010-005

Noncompliance

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Township had no certificates from the county auditor that appropriations from each fund did not exceed the total official estimate of resources. The following funds had appropriations in excess of the amounts certified as available by the Amended Certificate of Estimated Resources:

Fund	Estimated Resources	Appropriations	Variance
2009			
General Fund	\$ 22,466	\$ 62,451	\$ (39,985)
Gasoline Tax	157,197	178,669	(21,472)

**ALLEN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-005, continued

To comply with this section and improve budgetary controls the Township should file their appropriation measures with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: The Township will monitor budgetary compliance more closely in the future.

FINDING NUMBER 2010-006

Material Weakness

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: The Township will review current policies and make any necessary changes.

**ALLEN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-007

Significant Deficiency

Ohio Revised Code, Section 9.38, provides that any public officer or employee who collects or receives payments due to the public shall deposit all public money received by him with the Fiscal Officer of the taxing district once every twenty four hours. If the amount of daily deposit does not exceed \$1,000 and the receipts can be safeguarded, public office may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made not later than three business days after receiving it.

It was determined that during the audit period receipts were not being deposited within the ORC guidelines. We noted checks were deposited 7 or more days after the issue date of the check for 76 percent and 88 percent of all physical checks reviewed in 2010 and 2009, respectively.

The Trustees should evaluate the funds collected and the current policies in effect and determine if the current policies adequately safeguard the amounts received. The Townships policies should then be communicated to all employees collecting monies on behalf of the Township. Additionally, the Fiscal Officer should ensure that all deposits are made according to the Ohio Revised Code Section mentioned above.

Response: The Township will evaluate its current practices regarding the timing of deposits.

**ALLEN TOWNSHIP
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	ORC Sec. 5705.41(D) - Purchase Orders were not properly certified prior to the incurrence of each expense	No	Reissued as Finding Number 2010-003
2008-002	ORC Sec. 5705.41(B) - Expenditures exceeded appropriations in 2008	Yes	
2008-003	ORC Sec. 5705.36 - Estimated resources exceeded actual receipts	No	Reissued as Finding Number 2010-004
2008-004	ORC Sec. 505.24 9 (C) and OAG Opin 2004-036 Allocation of Trustees' salary was not supported by proper documentation	Yes	
2008-005	ORC Sec. 5705.10 - Township had a negative fund balance in the general fund in 2008	No	Reissued as Finding Number 2010-002
2008-006	Township has not implemented control procedures over a Township-owned gas tank	No	Reissued as Finding Number 2010-006



Dave Yost • 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
AUGUST 25, 2011