

ALLEN TOWNSHIP
UNION COUNTY, OHIO

A & A
REGULAR AUDIT
For The Years

Ended December 31, 2009-2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Allen Township
16945 Allen Center Road
Marysville, Ohio 43040

We have reviewed the *Independent Accountants' Report* of Allen Township, Union County, prepared by Alger and Associates, LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 5, 2010

ALLEN TOWNSHIP
UNION COUNTY

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ALGER & ASSOCIATES, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Allen Township
Union County
16945 Allen Center Road
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the accompanying financial statements of Allen Township, Union County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008, 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, Union County, as of December 31, 2009 and 2008, 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 determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2010, 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.

Alger & Associates, LLC
April 1, 2010

**ALLEN TOWNSHIP
UNION 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**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 145,850	\$ 591,442	\$ 0	\$ 737,292
Charges for Services	0	250,600	0	250,600
Licenses, Permits, and Fees	2,361	0	0	2,361
Fines and Forfeitures	6,058	0	0	6,058
Intergovernmental	237,448	1,179,401	0	1,416,849
Earnings on Investments	36,977	3,061	0	40,038
Miscellaneous	20,269	15,197	0	35,466
Total Cash Receipts	448,963	2,039,701	0	2,488,664
Cash Disbursements:				
Current:				
General Government	264,477	0	0	264,477
Public Safety	41,392	1,518,798	0	1,560,190
Public Works	55,668	84,612	0	140,280
Conservation/Recreation	9,177	0	0	9,177
Capital Outlay	6,057	0	0	6,057
Total Cash Disbursements	376,771	1,603,410	0	1,980,181
Total Receipts Over/(Under) Disbursements	72,192	436,291	0	508,483
Other Financing Receipts/(Disbursements):				
Transfers-In	0	200,000	1,700,000	1,900,000
Transfers-Out	(200,000)	(1,700,000)	0	(1,900,000)
Total Other Financing Receipts/(Disbursements)	(200,000)	(1,500,000)	1,700,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(127,808)	(1,063,709)	1,700,000	508,483
Fund Cash Balance, January 1	845,569	4,376,305	0	5,221,874
Fund Cash Balance, December 31	\$ 717,761	\$ 3,312,596	\$ 1,700,000	\$ 5,730,357

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

**ALLEN TOWNSHIP
UNION 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		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 191,682	\$ 879,375	\$ 1,071,057
Charges for Services	0	301,359	301,359
Licenses, Permits, and Fees	2,242	0	2,242
Fines and Forfeitures	5,820	0	5,820
Earnings on Investments	97,017	8,422	105,439
Intergovernmental	210,773	989,506	1,200,279
Miscellaneous	13,455	8,611	22,066
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	520,989	2,187,273	2,708,262
Cash Disbursements:			
Current:			
General Government	276,172	0	276,172
Public Safety	52,040	1,426,064	1,478,105
Public Works	52,807	127,709	180,516
Conservation/Recreation	6,248	0	6,248
Capital Outlay	108,310	0	108,310
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	495,577	1,553,773	2,049,350
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	25,412	633,500	658,912
Fund Cash Balance, January 1	<hr/>	<hr/>	<hr/>
	820,157	3,742,805	4,562,962
Fund Cash Balance, December 31	<u>\$ 845,569</u>	<u>\$ 4,376,305</u>	<u>\$ 5,221,874</u>

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

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Allen Township, Union 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 three publicly - elected Trustees. The Township provides road and bridge maintenance, fire protection, and emergency medical services. The Township maintains an inactive cemetery within the Township limits. The Township contracts with the Union County Sheriff's office to provide police services to the Township.

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 of Ohio, 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 of Ohio.

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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire Fund – This fund receives property tax money levied for the purpose of providing fire protection services to the Township.

Ambulance Fund – This fund is used to account for monies received for providing emergency medical services to the Township. Funds are utilized for the purchase of EMS equipment and medical supplies.

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

Reserve Balance Fire Department Sick Leave Fund – This fund was established during 2007 for the purpose of accumulating sick leave and vacation leave, and for payments in lieu of taking compensatory time off or the retirement of officers and employees of the Township.

During 2007, under the Ohio Revised Code Section 5705.13(B), the Township established a reserve balance account from the Fire Fund for the purpose of accumulating resources for the payment of accumulated sick leave and vacation leave, and for payment in lieu of taking compensatory time off, upon termination of employment or the retirement of officers and employees.

The balance in this reserve account at December 31, 2009 was \$200,000. Reserve balances are reported as a part of Fund Cash Balances in the accompanying financial statements.

2. Capital Project Funds

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

Reserve Balance Capital Projects Fire Equipment Fund – This fund was established during 2007 for the purpose of purchasing fire and/or emergency equipment.

Reserve Balance Capital Projects Fire Department Building Fund – This fund was established during 2007 for the purpose of constructing and/or improving the fire department.

Reserve Balance Capital Projects Fund (Buildings and Grounds) – This fund was established during 2007 for the purpose of maintaining and/or new construction of building and grounds of the Allen Township Complex (i.e. parking lots).

Reserve Balance Capital Projects Fund (General Equipment) – This fund was established during 2007 for the purpose of purchasing equipment as needed in order to operate regular duties of the township (i.e. snow removal, mowing, and photocopying).

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During 2007, under the Ohio Revised Code Section 5705.13(C), the Township established two reserve balance accounts from the Fire Fund and two reserve balance accounts from the General Fund for the purpose of accumulating sufficient money for the purchase of fire and emergency equipment, construction and/or improvement of the fire department, accumulating sufficient money for the purpose of maintaining and/or new construction of building and grounds, and purchasing equipment as needed in order to operate regular duties of the Township. These funds are classified as Capital Projects Funds at December 31, 2009, and were funded during 2009.

The balance in these reserve accounts at December 31, 2009 was \$1,700,000. Reserve balances are reported as a part of Fund Cash Balances in the accompanying financial statements.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

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.

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. RESTATEMENT OF BEGINNING FUND BALANCE

The Township was proposed an adjustment in a prior period that was not made to their accounting system. This amount had a net variance from the current book and reconciled bank balance by \$206. Therefore, the beginning 2008 fund balances are being restated as follows:

Fund type	Ending Fund Balance 2007	Beginning Fund Balance 2008	Difference
General	\$ 817,962	\$ 820,157	\$ (2,195)
Special Revenue	3,744,794	3,742,805	1,989
Total	<u>\$ 4,562,756</u>	<u>\$ 4,562,962</u>	<u>\$ (206)</u>

3. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31, 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 5,503,835	\$ 4,995,996
Certificates of Deposit	116,505	116,164
Total Deposits	<u>5,620,340</u>	<u>5,112,160</u>
STAROhio	<u>110,017</u>	<u>109,714</u>
Total Deposits and Investments	<u>\$ 5,730,357</u>	<u>\$ 5,221,874</u>

Deposits - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

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

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted		Variance
	Receipts	Actual Receipts	
General	\$ 383,626	\$ 448,963	\$ 65,337
Special Revenue	2,011,668	2,239,701	228,033
Capital Project	0	1,700,000	1,700,000
Total	<u>\$ 2,395,294</u>	<u>\$ 4,388,664</u>	<u>\$ 1,993,370</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 972,850	\$ 576,771	\$ 396,079
Special Revenue	3,994,229	3,303,410	690,819
Total	<u>\$ 4,967,079</u>	<u>\$ 3,880,181</u>	<u>\$ 1,086,898</u>

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

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted		Variance
	Receipts	Actual Receipts	
General	\$ 477,120	\$ 520,989	\$ 43,869
Special Revenue	2,131,549	2,187,273	55,724
Total	<u>\$ 2,608,669</u>	<u>\$ 2,708,262</u>	<u>\$ 99,593</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$ 899,350	\$ 495,577	\$ 403,773
Special Revenue	2,315,108	1,553,773	761,335
Total	<u>\$ 3,214,458</u>	<u>\$ 2,049,350</u>	<u>\$ 1,165,108</u>

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the 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 Union 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 15.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to Union County by each April 30.

On July 1, 2005, the State of Ohio started the Commercial Activity Tax (CAT). The CAT is an annual privilege tax measured by taxable gross receipts from most business activities. Most receipts generated in the ordinary course of business are subject to the CAT. The CAT only applies to those gross receipts that are situated (sourced) to Ohio (i.e., taxable gross receipts). This tax is to be phased in over five years and eliminate the tangible personal property taxes. During the years 2009 and 2008, the Township received material amounts of CAT through the Treasurer of State. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), social security, or, for full-time firefighters, Ohio Police & Fire Pension Fund (OP&F). OPERS and OP&F are a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, OPERS and OP&F members contributed 10% of their gross salaries, respectively. For 2009 and 2008, the Township contributed an amount equal to 14% of participants' gross salaries for OPERS members and 24% of participant's gross salaries for OP&F members. The Township has paid all contributions required through December 31, 2009.

7. RISK POOL 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK POOL MANAGEMENT – (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007. (the latest information available):

	<u>2008</u>	<u>2007</u>	
Assets	\$ 40,737,740	\$ 43,210,703	
Liabilities	<u>12,981,818</u>	<u>13,357,837</u>	
Net Assets	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>	

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$53,458.

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.

<u>Contributions to OTARMA</u>	
2009 \$	26,729
2008	27,052

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool.

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK POOL MANAGEMENT – (Continued)

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.



ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

Allen Township
Union County
16945 Allen Center Road
Marysville, Ohio 43040

To the Board of Trustees:

We have audited the financial statements of Allen Township, Union County, (the Township) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated April 1, 2010 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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North Canton, OH 44720
(330) 350-2553

542 Ablemarle Circle
Delaware, OH 43015
(740) 816-2961

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the Board of Trustees, the Auditor of State of Ohio, and others within the Township. We intend it for no one other than these specified parties.

Alger & Associates, LLC
April 1, 2010

**ALLEN TOWNSHIP
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDING DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	<p>Significant Deficiency – Internal Control and Review Procedures</p> <p>Although the Trustees’ receive and review a select number of reports from the Fiscal Officer of the Township for approval on a bi-monthly basis, the Township has not established formal procedures for sign-offs of procedures performed. During our testing and analysis, we noted that the Trustees are not formally reviewing the numerical check sequence prior to signing the checks.</p> <p>We also recommend that the Trustees specifically match each electronic bill pay payment from the bank statement to supporting documentation each month.</p> <p>The Township should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the trustees’ signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees’ thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.</p>	Yes	The Township changed their procedures to implement the recommendations made in the prior audit.



Mary Taylor, CPA
Auditor of State

ALLEN TOWNSHIP

UNION 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
JUNE 22, 2010**