



**ALLEN TOWNSHIP
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

JIM PETRO
Auditor of State

April 17, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$221,917	\$718,349	\$0	\$940,266
Intergovernmental	94,629	83,842	0	178,471
Charges for Services	0	174,782	0	174,782
Licenses, Permits, and Fees	6,471	0	0	6,471
Fines, Forfeitures, and Penalties	5,363	0	0	5,363
Earnings on Investments	14,299	8,113	4,907	27,319
Other Receipts	2,164	190,000	0	192,164
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	344,843	1,175,086	4,907	1,524,836
Cash Disbursements:				
Current:				
General Government	211,374	0	0	211,374
Public Safety	9,773	737,619	0	747,392
Public Works	33,030	58,776	0	91,806
Conservation - Recreation	2,988	0	0	2,988
Capital Outlay	50,882	217,617	30,275	298,774
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Total Cash Disbursements	308,047	1,014,012	30,275	1,352,334
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	36,796	161,074	(25,368)	172,502
Other Financing Receipts/(Disbursements):				
Transfers-In	0	63,206	0	63,206
Transfers-Out	0	0	(63,206)	(63,206)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	63,206	(63,206)	0
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,796	224,280	(88,574)	172,502
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	212,968	456,719	88,574	758,261
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$249,764</u>	<u>\$680,999</u>	<u>\$0</u>	<u>\$930,763</u>

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$200,554	\$670,521	\$0	\$871,075
Intergovernmental	64,806	83,348	0	148,154
Charges for Services	0	188,617	0	188,617
Licenses, Permits, and Fees	7,086	0	0	7,086
Fines, Forfeitures, and Penalties	2,759	0	0	2,759
Earnings on Investments	16,669	6,654	5,480	28,803
Other Receipts	1,994	0	0	1,994
	<u>293,868</u>	<u>949,140</u>	<u>5,480</u>	<u>1,248,488</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	210,055	0	0	210,055
Public Safety	2,154	668,888	0	671,042
Public Works	29,596	97,117	0	126,713
Conservation - Recreation	517	0	0	517
Capital Outlay	177,588	29,266	5,724	212,578
	<u>419,910</u>	<u>795,271</u>	<u>5,724</u>	<u>1,220,905</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(126,042)	153,869	(244)	27,583
Fund Cash Balances, January 1	339,010	302,850	88,818	730,678
Fund Cash Balances, December 31	<u>\$212,968</u>	<u>\$456,719</u>	<u>\$88,574</u>	<u>\$758,261</u>
Reserve for Encumbrances, December 31	<u>\$30,041</u>	<u>\$6,024</u>	<u>\$0</u>	<u>\$36,065</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Township maintains its cash in a money market account with Huntington Bank. The Township maintains interim monies in an overnight sweep account with Fifth Third Bank. The money market account, overnight sweep account, and certificates of deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Fire Fund - This fund receives property tax money for the protection of Township persons and property.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects 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 trust funds). The Township had the following significant capital project funds:

Equipment Fund - This fund is used to account for receipts that are restricted for the purchase of Fire Department Equipment.

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 level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$124,988	\$98,577
Certificates of deposit	591,461	164,694
Total deposits	716,449	263,271
STAR Ohio	214,314	494,990
Total investments	214,314	494,990
Total deposits and investments	\$930,763	\$758,261

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

Investments: The financial institution maintains records identifying the Township as owner of the government money market. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$248,079	\$344,843	\$96,764
Special Revenue	1,099,438	1,238,292	138,854
Capital Projects	3,500	4,907	1,407
Total	\$1,351,017	\$1,588,042	\$237,025

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,501	\$308,047	\$75,454
Special Revenue	1,153,200	1,014,012	139,188
Capital Projects	92,073	93,481	(1,408)
Total	\$1,628,774	\$1,415,540	\$213,234

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$239,341	\$293,868	\$54,527
Special Revenue	826,003	949,140	123,137
Capital Projects	4,000	5,480	1,480
Total	\$1,069,344	\$1,248,488	\$179,144

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$459,957	\$449,951	\$10,006
Special Revenue	921,900	801,295	120,605
Capital Projects	80,000	5,724	74,276
Total	\$1,461,857	\$1,256,970	\$204,887

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principle</u>	<u>Interest Rate</u>
Emergency Vehicle Lease Purchase	\$76,542	5.89%

The outstanding lease is for the purchase of an emergency vehicle used for the protection of Township persons.

Amortization of the above debt, including interest is scheduled as follows:

Year ending December 31:	Emergency Vehicle Lease Purchase
2000	\$22,896
2001	22,896
2002	22,896
2003	17,172
Total	\$85,860

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

5. 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.

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. 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 1999 and 1998, members of PFDPF contributed 5% of their wages to the PFDPF. The Township contributed an amount equal to 24% of their gross salaries plus 5% employer pick up. The Trustees' and Clerk contributed to PERS at a rate of 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of their gross salaries. Other PERS members contributed 4.25% of their gross salaries to the PERS. The Township contributed an amount equal to 13.55% of their wages plus 4.25% employer pick up. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability
- Public official's liability
- Commercial property
- Vehicles

The Township also provides health insurance coverage to full-time employees through a private carrier.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statements of Allen Township, Union County, Ohio (the Township), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated April 17, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 17, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

April 17, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MAY 23, 2000**