



**ALLEN TOWNSHIP
HANCOCK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

ALLEN TOWNSHIP
HANCOCK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Allen Township
Hancock County
12829 State Route 613
P.O. Box 247
Van Buren, Ohio 45889-0247

To the Board of Trustees:

We have audited the accompanying financial statements of Allen Township, Hancock County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 the Township as of December 31, 2000 and 1999, 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 February 21, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, 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.

Jim Petro
Auditor of State

February 21, 2001

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$78,160	\$159,384			\$237,544
Intergovernmental	71,317	71,892	\$1,590		144,799
Charges for Services	4,000				4,000
Licenses, Permits, and Fees	22,484	4,400			26,884
Earnings on Investments	16,074	5,107		\$2,110	23,291
Other Revenue	10,785	2,650			13,435
Total Cash Receipts	<u>202,820</u>	<u>243,433</u>	<u>1,590</u>	<u>2,110</u>	<u>449,953</u>
Cash Disbursements:					
Current:					
General Government	104,852				104,852
Public Safety	76,609				76,609
Public Works		145,710		72	145,782
Health	31,963	9,430			41,393
Conservation - Recreation	1,886				1,886
Capital Outlay	22,282	3,150	3,382		28,814
Total Cash Disbursements	<u>237,592</u>	<u>158,290</u>	<u>3,382</u>	<u>72</u>	<u>399,336</u>
Total Receipts Over/(Under) Disbursements	<u>(34,772)</u>	<u>85,143</u>	<u>(1,792)</u>	<u>2,038</u>	<u>50,617</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	100,000				100,000
Advances-In			19,800		19,800
Transfers-Out		(100,000)			(100,000)
Advances-Out	(19,800)				(19,800)
Total Other Financing Receipts/(Disbursements)	<u>80,200</u>	<u>(100,000)</u>	<u>19,800</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,428	(14,857)	18,008	2,038	50,617
Fund Cash Balances, January 1	<u>55,878</u>	<u>332,685</u>		<u>35,631</u>	<u>424,194</u>
Fund Cash Balances, December 31	<u><u>\$101,306</u></u>	<u><u>\$317,828</u></u>	<u><u>\$18,008</u></u>	<u><u>\$37,669</u></u>	<u><u>\$474,811</u></u>
Reserve for Encumbrances, December 31	<u><u>\$75,200</u></u>	<u><u>\$2,200</u></u>			<u><u>\$77,400</u></u>

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

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$84,916	\$173,576			\$258,492
Intergovernmental	62,457	72,908	\$500		154,865
Charges for Services	8,000				8,000
Licenses, Permits, and Fees	18,126	5,675			23,801
Earnings on Investments	8,113	1,891	31	\$1,875	11,910
Other Revenue	7,294	6,360			13,654
Total Cash Receipts	<u>188,906</u>	<u>260,410</u>	<u>531</u>	<u>1,875</u>	<u>470,722</u>
Cash Disbursements:					
Current:					
General Government	101,842				101,842
Public Safety	36,908				36,908
Public Works		110,576			110,576
Health	23,304	10,171			33,475
Conservation - Recreation	4,973				4,973
Debt Service:					
Redemption of Principal					19,000
Capital Outlay	38,505	69,325	20,578		128,408
Total Cash Disbursements	<u>205,532</u>	<u>190,072</u>	<u>20,578</u>		<u>435,182</u>
Total Receipts Over/(Under) Disbursements	<u>(16,626)</u>	<u>70,338</u>	<u>(20,047)</u>	<u>1,875</u>	<u>35,540</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	30,000				30,000
Transfers-Out		(30,000)			(30,000)
Total Other Financing Receipts/(Disbursements)	<u>30,000</u>	<u>(30,000)</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,374	40,338	(20,047)	1,875	35,540
Fund Cash Balances, January 1	<u>42,504</u>	<u>292,347</u>	<u>20,047</u>	<u>33,756</u>	<u>388,654</u>
Fund Cash Balances, December 31	<u><u>\$55,878</u></u>	<u><u>\$332,685</u></u>		<u><u>\$35,631</u></u>	<u><u>\$424,194</u></u>
Reserve for Encumbrances, December 31					

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

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Allen Township, Hancock 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 general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection.

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

Certificates of deposit are valued at cost.

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 Fund:

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

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Debt Fund - This fund was established to extinguish debt entered into to provide funds for the construction of the Allen Township Center. The debt was retired in 1999.

4. 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 trust funds). The Township had the following significant capital project fund:

Permanent Improvement Fund - This fund was established for construction of the Allen Township Center project.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Siddall Trust - This fund was established to account for the revenues and expenditures of the Siddall Trust for the upkeep of the Township cemetery.

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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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.

A summary of 2000 and 1999 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>2000</u>	<u>1999</u>
Demand deposits	\$444,811	\$394,478
Certificates of deposit	30,000	29,716
Total deposits	<u>\$474,811</u>	<u>\$424,194</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,191	\$302,820	\$14,629
Special Revenue	245,149	243,433	(1,716)
Capital Projects	19,800	1,590	(18,210)
Fiduciary	1,500	2,110	610
Total	<u>\$554,640</u>	<u>\$549,953</u>	<u>(\$4,687)</u>

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$344,069	\$312,792	\$31,277
Special Revenue	577,834	260,490	317,344
Capital Projects	19,800	3,382	16,418
Fiduciary	37,131	72	37,059
Total	<u>\$978,834</u>	<u>\$576,736</u>	<u>\$402,098</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,724	\$218,906	\$12,182
Special Revenue	246,881	260,410	13,529
Debt Service	18,999	19,000	1
Capital Projects	500	531	31
Fiduciary	1,600	1,875	275
Total	<u>\$474,704</u>	<u>\$500,722</u>	<u>\$26,018</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,860	\$205,532	\$37,328
Special Revenue	539,227	220,072	319,155
Debt Service	19,000	19,000	0
Capital Projects	20,547	20,578	(31)
Fiduciary	35,357	-	35,357
Total	<u>\$856,991</u>	<u>\$465,182</u>	<u>\$391,809</u>

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.

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. RETIREMENT SYSTEMS

The Township's personnel belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA), a local government risk. OTARMA assumes the risk of loss up to the limits of the Township's policy. The OTARMA may assess supplemental premiums. The following risks are covered by OTARMA:

- General liability and casualty;
- Public official's liability;
- Property coverage; and
- Vehicle.

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

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Allen Township
Hancock County
12829 State Route 613
P.O. Box 247
Van Buren, Ohio 45889-0247

To the Board of Trustees:

We have audited the accompanying financial statements of Allen Township, Hancock County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 21, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40232-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated February 21, 2001.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 21, 2001.

Allen Township
Hancock County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 21, 2001

**ALLEN TOWNSHIP
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40232-001

Finding Repaid Under Audit

Ohio Revised Code § 507.09 sets the 1999 salary of clerk at \$10,000 in townships with a budget of \$500,000.01 to \$750,000 and \$12,000 for townships with a budget of \$750,000.01 to \$1,500,000. The Township's budget increased to over \$750,000 on November 2, 1999 and as a result former Clerk Shirley Miller was due \$10,333.33 for 1999 (\$8,333.33 for January 1, 1999 through October 31, 1999 and \$2,000 for November 1, 1999 through December 31, 1999), however, Ms. Miller, received \$10,499.97 resulting in an overpayment of \$166.64.

Ohio Revised Code § 117.28 states that when an audit report sets forth that any public money has been illegally expended, the District's legal counsel may institute civil action to recover the money illegally expended.

In accordance with the forgoing facts a finding for recovery is hereby returned against former Clerk Shirley Miller and the Western Surety Company, her surety, jointly and severally, in the amount of \$166.64, in favor of the Township Treasury. Shirley Miller repaid this finding on February 21, 2001.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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ALLEN TOWNSHIP

HANCOCK 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
MARCH 13, 2001**