



**Auditor of State
Betty Montgomery**

ALLEN TOWNSHIP
OTTAWA COUNTY

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**Auditor of State
Betty Montgomery**

Allen Township
Ottawa County
21030 W. Toledo Street, P.O. Box 440
Williston, Ohio 43468-0440

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 8, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Allen Township
Ottawa County
21030 W. Toledo Street, P.O. Box 440
Williston, Ohio 43468-0440

To the Board of Trustees:

We have audited the accompanying financial statements of Allen Township, Ottawa County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and 2004, 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, 2005 and 2004, 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, Ottawa County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 September 8, 2006, 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.



Betty Montgomery
Auditor of State

September 8, 2006

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$57,065	\$169,023		\$226,088
Intergovernmental	79,002	144,074	\$13,460	236,536
Special Assessments		22,145		22,145
Licenses, Permits, and Fees	6,983	12,820		19,803
Fines, Forfeitures, and Penalties	1,495			1,495
Earnings on Investments	9,502	396		9,898
Other Revenue	13,605	3,152		16,757
	<u>167,652</u>	<u>351,610</u>	<u>13,460</u>	<u>532,722</u>
Total Cash Receipts				
	<u>167,652</u>	<u>351,610</u>	<u>13,460</u>	<u>532,722</u>
Cash Disbursements:				
Current:				
General Government	161,817			161,817
Public Safety		41,399		41,399
Public Works	10,685	174,713		185,398
Health	11,583	16,092		27,675
Conservation - Recreation	4,131			4,131
Debt Service:				
Redemption of Principal		22,666		22,666
Interest and Fiscal Charges		4,688		4,688
Capital Outlay	4,441	17,779	13,460	35,680
	<u>192,657</u>	<u>277,337</u>	<u>\$13,460</u>	<u>483,454</u>
Total Cash Disbursements				
	<u>192,657</u>	<u>277,337</u>	<u>\$13,460</u>	<u>483,454</u>
Total Receipts Over/(Under) Disbursements	<u>(25,005)</u>	<u>74,273</u>		<u>49,268</u>
Other Financing Receipts:				
Sale of Fixed Assets	6			6
	<u>6</u>			<u>6</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(24,999)</u>	<u>74,273</u>		<u>49,274</u>
Fund Cash Balances, January 1	<u>236,813</u>	<u>215,069</u>		<u>451,882</u>
Fund Cash Balances, December 31	<u><u>\$211,814</u></u>	<u><u>\$289,342</u></u>		<u><u>\$501,156</u></u>

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

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$56,203	\$162,849		\$219,052
Intergovernmental	68,040	121,352	\$61,900	251,292
Special Assessments	1,640	28,894		30,534
Licenses, Permits, and Fees	7,244	13,910		21,154
Fines, Forfeitures, and Penalties	1,630			1,630
Earnings on Investments	2,754	115		2,869
Other Revenue	33,805	9,425		43,230
	<u>171,316</u>	<u>336,545</u>	<u>61,900</u>	<u>569,761</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	168,389			168,389
Public Safety		52,171		52,171
Public Works	39,100	222,853		261,953
Health	9,885	14,827		24,712
Conservation - Recreation	1,767			1,767
Debt Service:				
Redemption of Principal		24,376		24,376
Interest and Fiscal Charges		5,960		5,960
Capital Outlay		2,809	61,900	64,709
	<u>219,141</u>	<u>322,996</u>	<u>\$61,900</u>	<u>604,037</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(47,825)</u>	<u>13,549</u>		<u>(34,276)</u>
Fund Cash Balances, January 1	<u>284,638</u>	<u>201,520</u>		<u>486,158</u>
Fund Cash Balances, December 31	<u><u>\$236,813</u></u>	<u><u>\$215,069</u></u>		<u><u>\$451,882</u></u>

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

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Allen Township, Ottawa County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Ottawa County Sheriff to provide police services. The Allen-Clay Joint Fire District provides fire and emergency medical service 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. As of December 31, 2005 and 2004, the Township had no investments.

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 reports all financial resources except those required to be accounted for in another fund.

ALLEN TOWNSHIP
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

2. **Special Revenue Funds**

These funds 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:

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

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

3. **Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio for road repair.

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 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand deposits	\$501,156	\$451,882

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,745	\$167,658	\$20,913
Special Revenue	336,608	351,610	15,002
Capital Projects	40,000	13,460	(26,540)
Total	\$523,353	\$532,728	\$9,375

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$378,284	\$192,657	\$185,627
Special Revenue	519,411	277,337	242,074
Capital Projects	40,000	13,460	26,540
Total	\$937,695	\$483,454	\$454,241

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$152,045	\$171,316	\$19,271
Special Revenue	385,460	336,545	(48,915)
Capital Projects	63,000	61,900	(1,100)
Total	\$600,505	\$569,761	(\$30,744)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$412,592	\$219,141	\$193,451
Special Revenue	516,804	322,996	193,808
Capital Projects	63,000	61,900	1,100
Total	\$992,396	\$604,037	\$388,359

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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. DEBT

Debt outstanding at December 31, 2005, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$28,566	0%
General Obligation Notes	80,158	5.75
Total	\$108,724	

**ALLEN TOWNSHIP
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT – (Continued)

The Township issued a promissory note to finance the purchase of a new truck and accessories, new tractor, and to consolidate prior note and lease which were issued for equipment purchased for Township road maintenance. The Township's taxing authority collateralized the bonds.

The Township has entered into a loan agreement with the Ohio Public Works Commission for road work for Curtice-Williston roads. The loan is interest free. The loan will be paid from resources of the Road and Bridge fund.

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

Year ending December 31:	Promissory Note	OPWC Loan
2006	\$24,815	\$6,348
2007	22,906	6,348
2008	22,907	6,348
2009	19,089	6,348
2010		3,174
Total	\$89,717	\$28,566

6. RETIREMENT SYSTEMS

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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

7. RISK 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

ALLEN TOWNSHIP
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

7. RISK MANAGEMENT – (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004.

ALLEN TOWNSHIP
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

7. RISK MANAGEMENT – (Continued)

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$30,332.

8. SUBSEQUENT EVENTS

The Township entered into a loan on April 11, 2006, with the National Bank of Oak Harbor for \$60,000 at 4.6 % interest for 60 months. The loan was to finance the purchase of a 2005 Chevy dump truck.

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**Auditor of State
Betty Montgomery**

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

Allen Township
Ottawa County
21030 W. Toledo Street, P.O. Box 440
Williston, Ohio 43468-0440

To the Board of Trustees:

We have audited the financial statements of Allen Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 8, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 8, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

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 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 2005-001. In a separate letter to the Township's management dated September 8, 2006, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Township Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 8, 2006

ALLEN TOWNSHIP
OTTAWA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

Finding for Recovery Repaid Under Audit

Ohio Revised Code § 507.09 sets the 2004 salary for township clerks in townships with a budget between \$750,000.01 and \$1,500,000 as follows. For clerks whose terms were April 1, 2000, to March 31, 2004, and then started a new term of April 1, 2004 to March 31, 2008, the clerk is due \$3,714.24 for January 1, 2004, to March 31, 2004, and \$11,547 for April 1, 2004, to December 31, 2004, for a total amount due of \$14,261.24.

For 2004, Township Fiscal Officer, Sonia Eischen, was compensated \$14,396 resulting in an overpayment of \$134.76.

In accordance with the forgoing facts and pursuant to O.R.C. §117.28, a finding for recovery for public money illegally expended is hereby issued against Sonia Eischen, Township Fiscal Officer, and the Ohio Township Association Risk Management Authority, her surety, jointly and severally, in the amount of \$134.76, in favor of the Township Treasury.

Sonia Eischen reimbursed the Township \$134.76 on August 19, 2006.

Official's Response:

The trustees & I relied on guidance published in the *Grassroots Clippings*, a publication of the Ohio Township Association, November 2003. It states:

Compensation Charts for 2004

Per ORC Sections 505.24 and 507.09, township trustees and clerks salaries are set based on the budget of the township. The scheme for cost of living increases was altered in 2000 when the General Assembly passed legislation continuing cost of living increase through 2008. Cost of living increases are determined by the lesser of two numbers: 3% or the Consumer's Price Index (CPI) rating for the previous year.

The CPI for 2003, per the US Department of Labor, is 2.3%. Therefore, all trustees and clerks salaries for 2004 (except clerks in townships with budgets over \$6 million) are increased by 2.3%."

This is followed by a chart entitled "CLERK COMPENSATION ANNUAL SALARY" with a column heading of "Pay for 2004".

Typically this chart is published near an end-of-year so that township budgets, which begin January 1, can be determined. No mention is made for the clerk's raise to begin other than the start of the budget year.

No impropriety on our part was intended, nor do we feel any was committed. However, I have returned the amount the state examiner has calculated to be an overpayment, i.e. \$134.76.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

ALLEN TOWNSHIP

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2006**