
ALGER & ASSOCIATES, Inc

CERTIFIED PUBLIC ACCOUNTANTS



ALLEN TOWNSHIP

UNION COUNTY, OHIO

REGULAR AUDIT

A&A

FOR THE YEARS ENDED

DECEMBER 31, 2011 & 2010



Dave Yost • 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 & Associates, LLC, for the audit period January 1, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 25, 2012

This page intentionally left blank.

ALLEN TOWNSHIP
UNION COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

This page intentionally left blank.



ALGER & ASSOCIATES, Inc

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, 2011 and 2010. 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.

6927 Burgundy Ave. NW
North Canton, OH 44720
Phone - 330-353-5851
FAX - 330-526-8778

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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of Allen Township, Union County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Allen Township adopted *Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2012, 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, Inc.
April 29, 2012

**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, 2011**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$167,108	\$650,942	\$0	\$818,050
Charges for Services	0	266,256	0	266,256
Licenses, Permits and Fees	1,026	2,953	0	3,979
Fines and Forfeitures	3,052	0	0	3,052
Intergovernmental	228,355	1,146,113	0	1,374,468
Earnings on Investments	16,203	1,276	0	17,479
Miscellaneous	11,200	910	0	12,110
Total Cash Receipts	426,944	2,068,450	0	2,495,394
Cash Disbursements:				
Current:				
General Government	258,867	0	0	258,867
Public Safety	59,868	1,513,857	0	1,573,725
Public Works	54,807	38,776	0	93,583
Conservation-Recreation	10,825	0	0	10,825
Capital Outlay	2,203	0	0	2,203
Total Cash Disbursements	386,570	1,552,633	0	1,939,203
Total Receipts Over/(Under) Disbursements	40,374	515,817	0	556,191
Other Financing Receipts/(Disbursements):				
Sale of Capital Assets	0	11,740	0	11,740
Transfers In	0	35,000	85,000	120,000
Transfers Out	(20,000)	(100,000)	0	(120,000)
Other Financing Sources	253	2,350	0	2,603
Total Other Financing Receipts/(Disbursements)	(19,747)	(50,910)	85,000	14,343
Net Change in Fund Cash Balances	20,627	464,907	85,000	570,534
Fund Cash Balance, January 1	690,383	3,715,273	1,820,000	6,225,656
Fund Cash Balance, December 31				
Restricted	0	3,945,180	0	3,945,180
Assigned	0	235,000	1,905,000	2,140,000
Unassigned (Deficit)	711,010	0	0	711,010
Fund Cash Balance, December 31	\$711,010	\$4,180,180	\$1,905,000	\$6,796,190

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

This page intentionally left blank.

**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, 2010**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$151,434	\$600,292	\$0	\$751,726
Charges for Services	0	291,987	0	291,987
Licenses, Permits, and Fees	550	0	0	550
Fines and Forfeitures	4,986	0	0	4,986
Intergovernmental	241,762	1,183,145	0	1,424,907
Earnings on Investments	24,659	2,063	0	26,722
Miscellaneous	7,942	0	0	7,942
Total Cash Receipts	431,333	2,077,487	0	2,508,820
Cash Disbursements:				
Current:				
General Government	260,195	0	0	260,195
Public Safety	27,241	1,483,087	0	1,510,328
Public Works	57,653	114,763	0	172,416
Health	900	0	0	900
Conservation/Recreation	9,476	0	0	9,476
Capital Outlay	96,799	27,428	0	124,227
Total Cash Disbursements	452,264	1,625,278	0	2,077,542
Total Receipts Over/(Under) Disbursements	(20,931)	452,209	0	431,278
Other Financing Receipts/(Disbursements):				
Transfers-In	0	0	120,000	120,000
Transfers-Out	(20,000)	(100,000)	0	(120,000)
Other Financing Sources	13,553	50,468	0	64,021
Total Other Financing Receipts/(Disbursements)	(6,447)	(49,532)	120,000	64,021
Net Change in Fund Cash Balances	(27,378)	402,677	120,000	495,299
Fund Cash Balance, January 1	717,761	3,312,596	1,700,000	5,730,357
Fund Cash Balance, December 31	\$690,383	\$3,715,273	\$1,820,000	\$6,225,656

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

This page intentionally left blank.

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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, Union County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. 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. Accounting Basis

These financial statements follow the accounting basis 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. Deposits 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

ALLEN TOWNSHIP
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies- (continued)

1. General Fund

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

2. Special Revenue Funds

These funds 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:

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, 2011 was \$235,000. Reserve balances are reported as a part of Fund Cash Balances in the accompanying financial statements.

3. 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:

ALLEN TOWNSHIP
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies- (continued)

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).

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.

The balance in these reserve accounts at December 31, 2011 was \$1,905,000. 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 County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

ALLEN TOWNSHIP
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies- (continued)

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.

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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

ALLEN TOWNSHIP
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies- (continued)**

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. **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.

H. **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 Deposits and Investments**

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

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments – (continued)

	2011	2010
Demand deposits	\$6,565,816	\$5,997,822
STAR Ohio	110,198	116,680
Money Market	120,176	111,154
Total investments	230,374	227,834
Total deposits and investments	\$6,796,190	\$6,225,656

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$383,013	\$427,197	\$44,184
Special Revenue	1,933,097	2,117,540	184,443
Capital Projects	0	85,000	85,000
Total	\$2,316,110	\$2,629,737	\$313,627

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$798,850	\$406,570	\$392,280
Special Revenue	2,229,893	1,652,633	577,260
Total	\$3,028,743	\$2,059,203	\$969,540

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity – (continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$383,300	\$444,886	\$61,586
Special Revenue	1,964,247	2,127,955	163,708
Capital Projects	0	120,000	120,000
Total	\$2,347,547	\$2,692,841	\$345,294

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$729,850	\$472,264	\$257,586
Special Revenue	2,542,743	1,725,278	817,465
Total	\$3,272,593	\$2,197,542	\$1,075,051

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

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 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.

ALLEN TOWNSHIP
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

5. **Retirement Systems – (continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, OPERS and OP&F members contributed 10% of their gross salaries, respectively. For 2011 and 2010, 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, 2011.

6. **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. 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.

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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

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, 2010 and 2009 (the latest information available).

**ALLEN TOWNSHIP
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management – (continued)

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township’s share of these unpaid claims collectible in future years is approximately \$22,000.

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>	
<u>2011</u>	<u>2010</u>
\$29,678	\$26,359

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution.

Withdrawing members have no other future obligation to the pool. 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.

This page intentionally left blank.



ALGER & ASSOCIATES, Inc

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, 2011 and 2010, and have issued our report thereon dated April 29, 2012 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 implemented GASB 54 during 2011. 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.

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 did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 29, 2012.

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

Alger & Associates, Inc
April 29, 2012



Dave Yost • 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
JULY 05, 2012