



**AMERICAN TOWNSHIP
ALLEN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Township Trustees
American Township
105 W Main St
Elida, OH 45807

We have reviewed the *Independent Auditor's Report* of American Township, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding For Recovery – Public Monies Illegally Expended

The Board of Trustee's approved a resolution in 2007 allowing cash in lieu of benefits for health insurance premiums for Trustees who turned down the Township's health care coverage and had alternate health insurance coverage. They can be reimbursed up to 25% of the annual premium cost for the Township's plan. Mr. Overholt was reimbursed \$6,780 total for 2019 and 2018, however the only support for premiums paid was for \$5,911. As a result, an overpayment of \$869 occurred.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Brady Overholt, and his bonding company, Erie Insurance Company, jointly and severally, in the amount of \$869, and in favor of American Township General Fund, in the amount of \$869.

On June 9, 2021, Mr. Overholt repaid the Township \$869, as evidenced by his canceled check and a deposit into the Township's bank account. We consider this to be a finding for recovery repaid under audit.

Township Trustees
American Township
105 W Main St
Elida, OH 45807
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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. American Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2021

AMERICAN TOWNSHIP
ALLEN COUNTY

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740.695.1569

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Wheeling, WV 26003
304.232.1358

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Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

June 18, 2021

American Township
Allen County
105 W. Main Street
Elida, Ohio 45807

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **American Township**, Allen County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis is in the *Additional Opinion Qualification and Unmodified Opinion* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

The Township has outsourced EMS billings to a service organization. The Financial statements report EMS billings and collections in the Ambulance and Emergency Medical Services Fund (a Special Revenue Fund). The service organization did not provide us with information we requested regarding the design or proper operation of its internal controls or with certain information regarding charges for services. We were therefore unable to obtain sufficient appropriate audit evidence supporting the completeness or accuracy of EMS charges for services. These receipts represent 12 percent in 2019 and 11 percent in 2018 of the Charges for Services receipts reported within the special revenue funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of American Township, Allen County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding the matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|---------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 113,100 | \$ 3,309,515 | \$ 3,422,615 |
| Charges for Services | - | 631,776 | 631,776 |
| Licenses, Permits and Fees | 228,538 | 21,292 | 249,830 |
| Intergovernmental | 134,949 | 669,669 | 804,618 |
| Special Assessments | 135,969 | 9,847 | 145,816 |
| Earnings on Investments | 10,350 | 789 | 11,139 |
| Miscellaneous | 26,379 | 43,815 | 70,194 |
| <i>Total Cash Receipts</i> | <u>649,285</u> | <u>4,686,703</u> | <u>5,335,988</u> |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 333,906 | - | 333,906 |
| Public Safety | 122,239 | 2,879,864 | 3,002,103 |
| Public Works | - | 598,099 | 598,099 |
| Health | 55,913 | 34,633 | 90,546 |
| Capital Outlay | 152,980 | 499,390 | 652,370 |
| <i>Total Cash Disbursements</i> | <u>665,038</u> | <u>4,011,986</u> | <u>4,677,024</u> |
| <i>Net Change in Fund Cash Balances</i> | (15,753) | 674,717 | 658,964 |
| <i>Fund Cash Balances, January 1 (Restated - See Note 11)</i> | <u>1,159,434</u> | <u>1,653,603</u> | <u>2,813,037</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 1,697,172 | 1,697,172 |
| Committed | - | 631,148 | 631,148 |
| Assigned | 979,232 | - | 979,232 |
| Unassigned | 164,449 | - | 164,449 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 1,143,681</u> | <u>\$ 2,328,320</u> | <u>\$ 3,472,001</u> |

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the American Township, Allen 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, cemetery maintenance, fire protection and emergency medical services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts are for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts are for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports accounts associated with the sale of cemetery plots and the maintenance and burials for such plots.

Fire Fund The fire fund accounts are for and reports accounts for fire safety services for the Township.

EMS Fund The EMS fund accounts for and reports accounts for providing EMS services to the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2019 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

Fund Balance

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:

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

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 the Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2019, follows:

| 2019 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 578,750 | \$ 649,285 | \$ 70,535 |
| Special Revenue | 4,338,550 | 4,686,703 | 348,153 |
| Total | \$ 4,917,300 | \$ 5,335,988 | \$ 418,688 |

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 3 – BUDGETARY ACTIVITY (CONTINUED)

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,736,075 | \$ 672,021 | \$ 1,064,054 |
| Special Revenue | 5,884,928 | 4,029,044 | 1,855,884 |
| Total | \$ 7,621,003 | \$ 4,701,065 | \$ 2,919,938 |

NOTE 4 – DEPOSITS

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of deposits at December 31, 2019 was as follows:

| | |
|---------------------------------------|--------------|
| | 2019 |
| Demand deposits | \$ 223,769 |
| Other time deposits (savings account) | 3,248,232 |
| Total deposits | \$ 3,472,001 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

NOTE 5 – PROPERTY TAXES

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.

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 6 – RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

14 of 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 this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

26 of the Township's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5 percent of their wages. The Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2019.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

NOTE 9 – PUBLIC ENTITY RISK POOL

The Township participates in the Ohio Township Association Group Retrospective Rating Program and Unemployment Consultant Program.

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 11 – RESTATEMENT OF BEGINNING FUND BALANCE

The General Fund and Special Revenue Fund balances were restated as of January 1, 2019 due to voided checks. The effect of the restatement is noted below.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|---------------------|---------------------------------|
| Ending Fund Balance at December 31, 2018 | \$ 1,157,337 | \$ 1,649,772 |
| Restatement | 2,097 | 3,831 |
| Restated Fund Balance January 1, 2019 | <u>\$ 1,159,434</u> | <u>\$ 1,653,603</u> |

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|---------------------|---------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 100,533 | \$ 3,230,183 | \$ 3,330,716 |
| Charges for Services | - | 580,060 | 580,060 |
| Licenses, Permits and Fees | 226,431 | 20,149 | 246,580 |
| Intergovernmental | 142,085 | 249,440 | 391,525 |
| Special Assessments | 90,763 | 91,595 | 182,358 |
| Earnings on Investments | 8,227 | 379 | 8,606 |
| Miscellaneous | 12,611 | 31,602 | 44,213 |
| | 580,650 | 4,203,408 | 4,784,058 |
| <i>Total Cash Receipts</i> | | | |
| Cash Disbursements | | | |
| Current: | | | |
| General Government | 511,800 | - | 511,800 |
| Public Safety | 128,144 | 2,962,517 | 3,090,661 |
| Public Works | - | 548,047 | 548,047 |
| Health | 72,749 | 22,239 | 94,988 |
| Capital Outlay | - | 390,414 | 390,414 |
| | 712,693 | 3,923,217 | 4,635,910 |
| <i>Total Cash Disbursements</i> | | | |
| <i>Net Change in Fund Cash Balances</i> | (132,043) | 280,191 | 148,148 |
| <i>Fund Cash Balances, January 1</i> | 1,289,380 | 1,369,581 | 2,658,961 |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 1,187,603 | 1,187,603 |
| Committed | - | 462,169 | 462,169 |
| Assigned | 1,157,325 | - | 1,157,325 |
| Unassigned | 12 | - | 12 |
| | 1,157,337 | 1,649,772 | 2,807,109 |
| <i>Fund Cash Balances, December 31</i> | \$ 1,157,337 | \$ 1,649,772 | \$ 2,807,109 |

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the American Township, Allen 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, cemetery maintenance, fire protection and emergency medical services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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Fund Accounting

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Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts are for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports accounts associated with the sale of cemetery plots and the maintenance and burials for such plots.

Fire Fund The fire fund accounts are for and reports accounts for fire safety services for the Township.

EMS Fund The EMS fund accounts for and reports accounts for providing EMS services to the Township.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2018 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

Fund Balance

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:

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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.

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.

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 the Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2018, follows:

| 2018 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 572,775 | \$ 580,650 | \$ 7,875 |
| Special Revenue | 3,940,018 | 4,203,408 | 263,390 |
| Total | \$ 4,512,793 | \$ 4,784,058 | \$ 271,265 |

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE 3 – BUDGETARY ACTIVITY (CONTINUED)

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|--------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,932,331 | \$ 712,767 | \$ 1,219,564 |
| Special Revenue | 5,225,052 | 3,925,472 | 1,299,580 |
| Total | \$ 7,157,383 | \$ 4,638,239 | \$ 2,519,144 |

NOTE 4 – DEPOSITS

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of deposits at December 31, 2018 was as follows:

| | 2018 |
|---------------------------------------|--------------|
| Demand deposits | \$ 469,825 |
| Other time deposits (savings account) | 2,337,284 |
| Total deposits | \$ 2,807,109 |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

NOTE 5 – PROPERTY TAXES

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.

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

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE 6 – RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

21 of 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 this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

27 of the Township's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5 percent of their wages. The Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2018.

NOTE 8 – POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

NOTE 9 – PUBLIC ENTITY RISK POOL

The Township participates in the Ohio Township Association Group Retrospective Rating Program and Unemployment Consultant Program.

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



Certified Public Accountants, A.C.

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

June 18, 2021

American Township
Allen County
105 W. Main Street
Elida, Ohio 45807

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **American Township**, Allen County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 18, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. We also qualified our opinion on the special revenue funds due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.



Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 through 2019-002 to be material weaknesses.

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 financial statements. However, opining 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 instances of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying schedule of audit findings as items 2019-003 through 2019-004.

Township's Responses to Findings

The Township's responses to the findings identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Township's responses and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

AMERICAN TOWNSHIP
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2019 and 2018, receipts, disbursements, and fund balances were not always posted or classified correctly and footnote disclosures were not always up to date. The following posting errors were noted:

- Subsequent appropriations for the General Fund were classified as Unassigned instead of Assigned in 2019 and 2018; and
- Road and Bridge Fund balance constituting inside millage was classified as Restricted instead of Committed in 2019 and 2018; and
- Errors in footnotes were modified and/or corrected as necessary.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications. The Financial Statements reflect all reclassifications.

The following errors noted in the Township's financial statements were determined to be immaterial and were not adjusted:

- Homestead and rollback receipts were improperly classified as General Property Tax instead of Intergovernmental Revenue in 2019 and 2018; and
- The Bureau of Worker compensation refund was improperly classified as Special Assessments instead of Miscellaneous in 2018.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all revenues, disbursements, and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – We did not receive a response from management to the finding above.

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2019-002

Material Weakness

Service Organization

The Township has outsourced the processing of EMS billings, which is a significant accounting function, to a third party administrator, Alpha Medical Billing. The EMS billing revenues represent \$545,526 (or 12 percent) for 2019 and \$473,810 (or 11 percent) for 2018 of charges for services receipts in the special revenue fund type. The Township has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that EMS billing activity has been completed and accurately processed.

The third party administrator did not provide the Township with the information regarding the design or proper operation of its internal controls for 2019 and 2018. We were unable to obtain sufficient audit evidence supporting completeness and accuracy of the amounts recorded as charges for services in the Ambulance and Emergency Medical Services special revenue fund, as a result, we have modified our opinion. The Township did not perform reconciliations between billing reports provided by the third party administrator and internal run reports to ensure all individuals that should have been billed, were billed, and at the appropriate rate.

We recommend the Township obtain assurance of the completeness and accuracy of EMS billing activity processed by its third-party administrator. Statement on Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16) prescribes standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 should provide the Township with reasonable assurance that EMS billing activity has been completely and accurately processed.

We recommend the Township require a Type Two Service Organization Controls Report (SOC) 1 report in its contract with the third-party administrator. The District should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Township with the Type Two SOC 1 report, we recommend the Township contract with a third party administrator that will provide this report. As an alternative to a SOC 1 Report, the Township may monitor billings and collections its administrator processes. The Township can monitor these billings by obtaining reports of EMS collections and comparing them to EMS runs reports, and then re-determining:

- The collection agrees to a run
- The collection agrees to approved fee schedule

Management's Response – We are looking into a new company to outsource billing.

AMERICAN TOWNSHIP
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-003

Noncompliance

Ohio Revised Code Section 507.12(B) states a newly elected or appointed township fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of, office.

On January 9, 2017, the Trustees approved the resignation of Fiscal Officer Laurie Swick and the appointment of Brady Overholt to fill the position effective February 1, 2017. The newly appointed Fiscal Officer did not attend the required training.

We recommend the Township ensure elected and/or appointed officials obtain the required training.

Management's Response – Worked on State Auditor page for training. Unfortunately, did not keep records. Have done so for 2019, 2020, and 2021.

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code Section 505.601 indicates if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Ohio Rev. Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Ohio Rev. Code Section that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Ohio Rev. Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Ohio Rev. Code Section that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Ohio Rev. Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Ohio Rev. Code. American Township Allen County's Resolution 8-27-07 determined that township officers and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs".

During 2019 and 2018, the Trustees passed a maximum insurance reimbursement for each elected official totaling \$848 quarterly as evidenced in the minute records. Fiscal Officer Brady Overholt procures health insurance policies whose premiums totaled \$2,917 and \$2,994 for 2019 and 2018, respectively, through his employer. The actual Fiscal Officer's health insurance reimbursement was \$3,390 (\$847.56 x 4 quarters) for each of the years noted. As a result, the reimbursement to Fiscal Officer Brady Overholt totaling \$6,780 exceeded the remaining out-of-pocket health insurance premium expenses of \$5,911 by \$869.

AMERICAN TOWNSHIP
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-004 (CONTINUED)

Noncompliance (Continued)

The Township should implement procedures to ensure elected officials are only reimbursed for actual out-of-pocket premium expenses incurred up to the approved monthly reimbursement maximum.

Note: The findings for recoveries were repaid under audit.

Management's Response – Followed same procedures as in past did not know this was wrong. Have now corrected.

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|---------------------|--|
| 2017-001 | Material Weakness - Financial Reporting | Partially Corrected | Repeated as finding 2019-001. |
| 2017-002 | Material Weakness – Service Organization | Not Corrected | Repeated as finding 2019-002. |
| 2017-003 | Significant Deficiency – Approved Pay Rates | Corrected | N/A |
| 2017-004 | Noncompliance – Salary Overpayment | Corrected | N/A |
| 2017-005 | Noncompliance – Unapproved Advances | Corrected | N/A |
| 2017-006 | Noncompliance – ORC 507.12(B) | Not Corrected | Repeated as finding 2019-003 |
| 2017-007 | Noncompliance – ORC 507.03 | Corrected | N/A |
| 2017-008 | Noncompliance – ORC 5705.36 | Corrected | N/A |
| 2017-009 | Material Weakness/Noncompliance – ORC 5705.41(D) | Partially Corrected | Repeated as management letter comment. |

OHIO AUDITOR OF STATE KEITH FABER



AMERICAN TOWNSHIP

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/31/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov