



OHIO AUDITOR OF STATE  
**KEITH FABER**





**AMERICAN TOWNSHIP  
ALLEN COUNTY  
DECEMBER 31, 2021 AND 2020**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2021 .....	5
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Funds Types For the Year Ended December 31, 2021 .....	6
Notes to the Financial Statements – For the Year Ended December 31, 2021 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2020 .....	15
Combined Statement of Additions, Deductions, and Changes in Fund Balance (Regulatory Cash Basis) – All Fiduciary Funds Types For the Year Ended December 31, 2020 .....	16
Notes to the Financial Statements – For the Year Ended December 31, 2020 .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25
Schedule of Findings .....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	31

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

American Township  
Allen County  
105 West Main Street  
Elida, Ohio 45807

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified, Qualified, and Adverse Opinions***

We have audited the financial statements of American Township, Allen County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the general fund, capital projects fund and the fiduciary fund type as of and for the year ended December 31, 2021, and the general fund and fiduciary fund type as of and for the year ended December 31, 2020 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Additional Opinion Qualification***

In our opinion, except for the effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the special revenue fund as of and for the years ended December 31, 2021 and 2020, and the related notes of American Township, Allen County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Additional Opinion Qualification***

The Township has outsourced the processing of emergency medical services (EMS) billings to a third-party administrator. The financial statements report EMS billing receipts as charges for services in the Special Revenue Funds. The third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls. We were therefore unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Charges for services receipts are reported at \$583,827 and \$485,810 for the years ended December 31, 2021 and 2020, respectively, which are 11 percent of Special Revenue Fund receipts for the year ended December 31, 2021, and 9 percent of Special Revenue Fund receipts for the year ended December 31, 2020. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements for the year ended December 31, 2021 and Note 13 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, during 2020, the Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 1, 2023



**American Township***Allen County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$111,762	\$3,374,893		\$3,486,655
Charges for Services		657,015		657,015
Licenses, Permits and Fees	226,319	18,327		244,646
Intergovernmental	144,226	928,683	\$159,703	1,232,612
Special Assessments		10,810		10,810
Earnings on Investments	2,710	296		3,006
Miscellaneous	37,801	128,636		166,437
<i>Total Cash Receipts</i>	<u>522,818</u>	<u>5,118,660</u>	<u>159,703</u>	<u>5,801,181</u>
<b>Cash Disbursements</b>				
Current:				
General Government	330,629			330,629
Public Safety	182,282	3,136,037		3,318,319
Public Works		573,723		573,723
Health	57,873	54,179		112,052
Other		2,676		2,676
Capital Outlay	165,125	666,264	159,703	991,092
<i>Total Cash Disbursements</i>	<u>735,909</u>	<u>4,432,879</u>	<u>\$159,703</u>	<u>5,328,491</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(213,091)	685,781		472,690
<i>Fund Cash Balances, January 1</i>	<u>1,033,642</u>	<u>3,437,077</u>		<u>4,470,719</u>
<i>Fund Cash Balances, December 31</i>	<u>\$820,551</u>	<u>\$4,122,858</u>		<u>\$4,943,409</u>

*See accompanying notes to the basic financial statements*

**American Township**

*Allen County, Ohio*

*Combined Statement of Additions, Deductions  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Fiduciary Fund Types*

*For the Year Ended December 31, 2021*

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	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Special Assessment Collections for Distribution	\$135,950
Amounts Received as Fiscal Agent	<u>29,994</u>
<i>Total Additions</i>	<u>165,944</u>
<b>Deductions</b>	
Distributions on Behalf of Other Governments	<u>135,950</u>
<i>Total Deductions</i>	<u>135,950</u>
<i>Net Change in Fund Balances</i>	29,994
<i>Fund Cash Balances, January 1</i>	<u>40,921</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$70,915</u></u>

*See accompanying notes to the basic financial statements*

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools: the Ohio Township Association Risk Management Authority and the Ohio Township Association Group Retrospective Rating Program. Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types, which are all 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 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 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.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Fire District Fund*** The fire district fund accounts for and reports activity for operating fire safety services for the Township.

***Ambulance and Emergency Medical Services Fund*** The ambulance and emergency medical services (EMS) fund accounts for and reports activity for providing EMS services to the Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Public Works Commission Project*** The township received a grant from Ohio Public Works Commission to provide funding for various road projects.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for Special Assessment payments that are made on behalf of the American Township, Ohio Energy Special Improvement District, Inc. The Township receives these special assessments funds and subsequently provides these funds to the Port Authority of Allen County for the Property Assessed Clean Energy Taxable Revenue Bond Series 2015. The other custodial fund is a Fire Trust Fund which records payments received in accordance with Ohio Revised Code Section 3929.86.

***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 (C). 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).

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 (C) 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, function and object 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.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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 2021 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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township.

**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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$497,756	\$522,818	\$25,062
Special Revenue	4,791,000	5,118,660	327,660
Capital Projects	159,703	159,703	
Custodial	165,944	165,944	
Total	\$5,614,403	\$5,967,125	\$352,722

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,705,196	\$738,240	\$966,956
Special Revenue	8,110,896	4,457,387	3,653,509
Capital Projects	159,703	159,703	
Custodial	135,950	135,950	
Total	\$10,111,745	\$5,491,280	\$4,620,465

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2021
Demand deposits	\$5,014,324
Total deposits	5,014,324

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$7,976 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township 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, 2021.

***Ohio Police and Fire Retirement System***

Township Certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of participant's wages. The Township has paid all contributions required through December 31, 2021.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Public Entity Risk Pool**

The Township participates in Ohio Township Association Group Retrospective Rating Program, which is through the Ohio Bureau of Worker's Compensation. The Ohio Township Association, the governing body, utilizes the Group Respective Rating Program, which is a performance-based incentive program. This program sponsors creating groups of employers who manage safety and claims to achieve lower premiums. The Township continues to pay their own individual premium and receives retrospective premium adjustments based on combined performance of the group.



**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2021, the General Fund had \$2,331 in outstanding encumbrances and the special revenue funds had \$24,508 in outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**American Township***Allen County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$111,026	\$3,388,981	\$3,500,007
Charges for Services		569,935	569,935
Licenses, Permits and Fees	227,230	20,826	248,056
Intergovernmental	149,425	1,000,552	1,149,977
Special Assessments	921	11,042	11,963
Earnings on Investments	7,254	443	7,697
Miscellaneous	36,483	280,867	317,350
<i>Total Cash Receipts</i>	<u>532,339</u>	<u>5,272,646</u>	<u>5,804,985</u>
<b>Cash Disbursements</b>			
Current:			
General Government	330,443		330,443
Public Safety	118,463	3,074,024	3,192,487
Public Works		541,451	541,451
Health	58,020	27,096	85,116
Capital Outlay	135,452	521,318	656,770
<i>Total Cash Disbursements</i>	<u>642,378</u>	<u>4,163,889</u>	<u>4,806,267</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(110,039)	1,108,757	998,718
<i>Fund Cash Balances, January 1</i>	<u>1,143,681</u>	<u>2,328,320</u>	<u>3,472,001</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,033,642</u>	<u>\$3,437,077</u>	<u>\$4,470,719</u>

*See accompanying notes to the basic financial statements*

**American Township**

*Allen County*

*Combined Statement of Additions, Deductions  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Fiduciary Fund Types*

*For the Year Ended December 31, 2020*

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
<b>Additions</b>	
Special Assessment Collections for Distribution	\$135,950
Amounts Received as Fiscal Agent	40,921
<i>Total Additions</i>	<u>176,871</u>
<b>Deductions</b>	
Distributions on Behalf of Other Governments	135,950
<i>Total Deductions</i>	<u>135,950</u>
<i>Net Change in Fund Balances</i>	40,921
<i>Fund Cash Balances, January 1</i>	<u>                    </u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$40,921</u></u>

*See accompanying notes to the basic financial statements*

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

***Public Entity Risk Pools***

The Township participates in two public entity risk pools: the Ohio Township Association Risk Management Authority and the Ohio Township Association Group Retrospective Rating Program. Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types, which are all 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 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 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.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Fire District Fund*** The fire district fund accounts for and reports activity for operating fire safety services for the Township.

***Ambulance and Emergency Medical Services Fund*** The ambulance and emergency medical services (EMS) fund accounts for and reports activity for providing EMS services to the Township.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for Special Assessment payments that are made on behalf of the American Township, Ohio Energy Special Improvement District, Inc. The Township receives these special assessments funds and subsequently provides these funds to the Port Authority of Allen County for the Property Assessed Clean Energy Taxable Revenue Bond Series 2015. The other custodial fund is a Fire Trust Fund which records payments received in accordance with Ohio Revised Code Section 3929.86.

***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 (C). 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).

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 (C) 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, function, and object 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 2020 budgetary activity appears in Note 3.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$561,683	\$532,339	(\$29,344)
Special Revenue	4,180,046	5,272,646	1,092,600
Custodial	176,871	176,871	
Total	\$4,918,600	\$5,981,856	\$1,063,256

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,715,449	\$645,078	\$1,070,371
Special Revenue	6,515,162	4,175,489	2,339,673
Custodial	135,950	135,950	
Total	\$8,366,561	\$4,956,517	\$3,410,044

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

<b><i>Cash Management Pool:</i></b>	2020
Demand deposits	\$4,511,640
Total deposits	\$4,511,640

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$7,362 in unremitted employee payroll withholdings

***Deposits***

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



**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law Enforcement liability
- Automobile liability
- Vehicle
- Property; and
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31, 2020:

Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township 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, 2020.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Ohio Police and Fire Retirement System***

Township Certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of participants' wages, respectively. The Township has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Public Entity Risk Pool**

The Township participates in Ohio Township Association Group Retrospective Rating Program, which is through the Ohio Bureau of Worker's Compensation. The Ohio Township Association, the governing body, utilizes the Group Respective Rating Program, which is a performance-based incentive program. This program sponsors creating groups of employers who manage safety and claims to achieve lower premiums. The Township continues to pay their own individual premium and receives retrospective premium adjustments based on combined performance of the group.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2020, the General Fund had \$2,700 in outstanding encumbrances and the special revenue funds had \$11,600 in outstanding encumbrances.

**American Township**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Change in Accounting Principle**

For 2020, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 84 “*Fiduciary Activities*”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types.

Also, for 2020, the Township has made a change to their cash basis reporting model by removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

There was no effect on beginning fund cash balances as a result of these changes.

**Note 13 – 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 may impact subsequent periods of the Township. 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.

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

American Township  
Allen County  
105 West Main Street  
Elida, Ohio 45807

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of American Township, Allen County, (the Township) and have issued our report thereon dated February 1, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We also noted that during 2020, the Township adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also qualified our opinion on the Special Revenue funds charges for services because of the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts and due to a lack of a SOC-1 report over the service organization for those charges for services.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinions on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2021-003.

***Township's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 1, 2023

**AMERICAN TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

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

**FINDING NUMBER 2021-001**

**Material Weakness – Service Organization**

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Township has outsourced the processing of emergency medical services (EMS) billings, which is a significant accounting function, to a third-party administrator, Alpha Medical Billing. The Township has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that EMS billings have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Township with reasonable assurance that EMS billings conform to the contract.

The Township performed 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. However, the Township did not obtain a Service Organization Controls Report (SOC-1) for Alpha Medical Billing. The EMS billing revenue represents \$485,810, 9% of total Special Revenue cash receipts of \$5,272,646 for 2020. The EMS billing revenue represents \$583,827, 11% of total Special Revenue cash receipts of \$5,118,660 for 2021.

Failure to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Township should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation 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 a Type 2 SOC 1 report, the Township should contract with a third-party administrator that will provide this report.

**Officials' Response**

American Township has left Alpha Medical Billing beginning January 1, 2023, which was the cause of many of the mistakes. We are now using AccuMed Billing and hope that all prior issues should now be fixed with the new company. We are also making sure the Type 2 SOC 1 report is part of that new contract.

## FINDING NUMBER 2021-002

### Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted:

- Special assessments collected by the Township on behalf of another government were incorrectly recorded as General fund special assessments and the payment was recorded as capital outlay and health. This overstated both special assessments in the General fund by \$135,950, for both 2021 and 2020, \$135,950 and \$100,000 for capital outlay disbursements in 2021 and 2020, respectfully and \$35,950 in health disbursements in 2020. This error also resulted in an understatement of Custodial fund special assessment collections for distribution and distributions on behalf of other governments by \$135,950 for both accounts in both 2021 and 2020.
- General fund miscellaneous revenue was overstated by \$29,994 in 2021 and license, permits and fees was overstated by \$8,921 in 2020 and Custodial fund other amounts collected for distribution was understated by \$29,994 and \$8,921, for 2021 and 2020 due to recording of a fire fund trust payment received in the General fund instead of in a Custodial fund. These adjustments were properly posted to the accounting system by the Township.
- Bureau of workers compensation (BWC) refunds were improperly classified to intergovernmental receipts as well as not properly allocated among funds. This resulted in the following adjustments:
  - Reclassification from intergovernmental to miscellaneous receipts in the following funds and amounts for 2020:
    - General fund - \$15,519
    - Fire District fund - \$201,428
  - Adjustments to allocate the BWC refunds to the proper funds resulted in the following in 2020:
    - General fund - (\$1,633)
    - Fire District fund - (\$12,000)
    - Ambulance and EMS fund - \$13,633
      - These adjustments have been posted to the accounting system by the Township.
- The General fund incorrectly reported road paving expenses as public safety instead of capital outlay in the amount of \$50,000 in 2020.
- American Rescue Plan grant receipts in 2021 were incorrectly classified as an extraordinary item in the Fire District fund instead of as intergovernmental receipts in the amount of \$632,016.
- Several miscellaneous receipts were improperly posted as other debt proceeds in the Fire District and Ambulance and EMS funds in the amount of \$51,495 in 2021 and \$2,020 in 2020 for the Fire District fund and \$23,221 in the Ambulance and EMS fund. In addition, \$500 in 2021 and \$1,000 in 2020, in the Fire District fund was improperly posted as other debt proceeds rather than charges for services receipts. Lastly, \$5,000 in the Fire District fund in 2021 was posted as other debt proceeds rather than intergovernmental receipts.
- The Township did not record Ohio Public Works Commission on-behalf grant money in the amount of \$159,703 which resulted in understating both capital outlay as well as intergovernmental receipts in the Capital Projects fund in 2021.



**FINDING NUMBER 2021-002  
(Continued)**

- The Township improperly recorded a receipt as Fire District fund other debt proceeds in the amount of \$32,000 rather than an other amounts collected for distribution receipt in the Custodial fund related to a fire trust fund receipt. This adjustment has been posted to the accounting system by the Township.

The amounts above were adjusted on the accompanying financial statements.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$11,405 to \$49,043 that we have brought to the Township's attention. By not properly classifying revenues and expenditures, the Township is not presenting accurate financial information. This could result in inaccurate financial reports being disseminated to Board of Trustees as well as other financial statement users.

The Township should establish and implement procedures to verify that management review the errors identified during the audit to ensure similar errors are not made in future periods. In addition, the Township should implement procedures for an independent review of the financial statements to identify and correct errors and omissions prior to filing in the HINKLE system.

**Officials' Response**

The Fiscal Officer and Trustees will work to make sure all funds and incoming receipts / grants / ARPA Funds / etc., are better analyzed and placed into the proper fund codes in UAN. These adjustments will be properly posted in the accounting system as per requested by the Auditor of State.

**FINDING NUMBER 2021-003**

**Noncompliance**

**Ohio Rev. Code § 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. A township fiscal officer who participates in a training program held under section 117.44 of the Revised Code may apply those hours taken before commencing office to the six hours of initial education programs required under this division.

**Ohio Rev. Code § 507.12(C)** states, in addition to the six hours of initial education required under division (B) of this section, a newly elected township fiscal officer shall complete at least a total of eighteen continuing education hours during the township fiscal officer's first term of office. Furthermore, a township fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office. Two hours of ethics instruction shall be included in the continuing education requirements for each term.

**Ohio Rev. Code § 507.12(E)** states the auditor of state shall adopt rules for verifying the completion of initial education programs and continuing education courses required under this section.

**FINDING NUMBER 2021-003**  
**(Continued)**

The Auditor of State has developed an on-line training database. The database includes a list of approved training, which is maintained by our training department. Fiscal Officers must register and create a personal username and password for the Auditor of State's Fiscal Integrity site for reporting purposes. Training is then reported by choosing the training courses and dates attended. Fiscal officers are required to self-report their hours, otherwise they will not receive credit for the training. Fiscal Officers can access and print their certificates via the Fiscal Integrity Act portal available at <http://www.ohioauditor.gov/fiscalintegrity/default.html>.

The current Fiscal Officer, Brady Overholt, was appointed February 1, 2017, and did not complete the required educational training in his first year. Mr. Overholt's non-compliance with Ohio Rev. Code § 507.12(B) was noted previously in the FY19 Audit (Finding Number 2019-003) and the FY17 Audit (Finding Number 2017-006). Notably, Mr. Overholt did not complete any of the required educational training for the elected term of office that ended March 31, 2020. Mr. Overholt has yet to complete any required educational training through December 31, 2021. The lack of attending the required training leads to financial reporting errors as noted in finding number 2021-002.

In order to maintain and/or enhance the working knowledge of the Township's Fiscal Officer and prevent future occurrences of noncompliance, the Fiscal Officer should attend the required educational training and properly report it through the database. Failure to do so could result in misuse of funds and materially misstated financial reports going undetected in a timely manner.

**Officials' Response**

The Fiscal Officer will seek additional training from the Auditor of State via workshops, seminars, and online training that is available.

# AMERICAN TOWNSHIP

Paul Basinger, Trustee · Lynn Mohler, Trustee · Larry Vandemark, Trustee  
Brady Overholt, Fiscal Officer



Scott Holmes, Road Superintendent    Matt Redick, Police Chief    Keith Brickner, Zoning Inspector

## AMERICAN TOWNSHIP ALLEN COUNTY

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material Weakness - Financial Reporting	Not corrected	Repeated as finding 2021-002. First reported as 2017-001.
2019-002	Material Weakness - Service Organization	Not corrected	Repeated as finding 2021-001. First reported as 2017-002.
2019-003	Non-compliance - Ohio Revised Code Section 507.12(B)	Not corrected	Repeated as finding 2021-003. First reported as 2019-003.
2019-004	Noncompliance - Ohio Revised Code Section 505.601	Fully Corrected	N/A

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# 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 3/14/2023**

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](http://www.ohioauditor.gov)