



OHIO AUDITOR OF STATE
KEITH FABER



**AMERICAN TOWNSHIP
ALLEN COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
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, 2023.....	5
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2023.....	6
Notes to the Financial Statements – For the Year Ended December 31, 2023	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2022.....	15
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2022.....	16
Notes to the Financial Statements – For the Year Ended December 31, 2022	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

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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 and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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 each governmental and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the general fund and fiduciary fund type as of and for the year ended December 31, 2022, 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 possible 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 year ended December 31, 2022, 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, 2023 and 2022, 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 that the audit evidence we have 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 during 2022. 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 \$682,712 for the year ended December 31, 2022, which is 13 percent of Special Revenue Fund receipts for the year ended December 31, 2022. 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.

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 November 19, 2024, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2024

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, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
Cash Receipts			
Property and Other Local Taxes	\$129,792	\$3,397,610	\$3,527,402
Charges for Services		670,907	670,907
Licenses, Permits and Fees	219,982	11,692	231,674
Intergovernmental	176,385	575,105	751,490
Special Assessments	1,777	11,817	13,594
Earnings on Investments	117,795	13,462	131,257
Miscellaneous	24,062	101,570	125,632
<i>Total Cash Receipts</i>	<u>669,793</u>	<u>4,782,163</u>	<u>5,451,956</u>
Cash Disbursements			
Current:			
General Government	394,394		394,394
Public Safety	253,173	3,351,470	3,604,643
Public Works		742,914	742,914
Health	62,138	33,039	95,177
Other		6,971	6,971
Capital Outlay	219,492	918,265	1,137,757
<i>Total Cash Disbursements</i>	<u>929,197</u>	<u>5,052,659</u>	<u>5,981,856</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(259,404)</u>	<u>(270,496)</u>	<u>(529,900)</u>
Sale of Capital Assets	28,269		28,269
<i>Total Other Financing Receipts (Disbursements)</i>	<u>28,269</u>		<u>28,269</u>
<i>Net Change in Fund Cash Balances</i>	(231,135)	(270,496)	(501,631)
<i>Fund Cash Balances, January 1</i>	<u>728,094</u>	<u>4,711,460</u>	<u>5,439,554</u>
<i>Fund Cash Balances, December 31</i>	<u>\$496,959</u>	<u>\$4,440,964</u>	<u>\$4,937,923</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, 2023

	Custodial
Additions	
Special Assessment Collections for Distribution	\$135,950
<i>Total Additions</i>	135,950
 Deductions	
Distributions on Behalf of Other Governments	135,950
Other Distributions	17,060
<i>Total Deductions</i>	153,010
 <i>Net Change in Fund Balances</i>	 (17,060)
 <i>Fund Cash Balances, January 1</i>	 70,915
 <i>Fund Cash Balances, December 31</i>	 \$53,855

See accompanying notes to the basic financial statements

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 Group Retrospective Rating Program and Ohio Township Association Risk Management Authority. 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 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, 2023

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 assessments funds and wires 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 3929.86. For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) for All Fiduciary Fund Types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the 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, 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, 2023

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 the 2023 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.

Leases and SBITAs

The Township is the lessor/lessee in various leases (as defined by GASB 87) related to equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

The Township has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

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 *non-spendable* 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.

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$659,600	\$698,062	\$38,462
Special Revenue	4,299,450	4,782,163	\$482,713
Capital Projects	20	0	(\$20)
Total	<u>\$4,959,070</u>	<u>\$5,480,225</u>	<u>\$521,155</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,362,500	\$929,197	\$433,303
Special Revenue	7,953,700	5,052,659	2,901,041
Capital Projects	10	10	10
Total	<u>\$9,316,210</u>	<u>\$5,981,856</u>	<u>\$3,334,354</u>

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	<u>2023</u>
Demand deposits	<u>\$4,991,778</u>
Total deposits	<u>\$4,991,778</u>

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 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.

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 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 assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	<u>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Approximately 15 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 post retirement healthcare 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, 2023.

Ohio Police and Fire Retirement System

Approximately 26 Township certified Fire Fighters and full-time Police Officers 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equaling 19.50 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages respectively. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Public Entity Risk Pool

The Township participates in Ohio Township Association Group Retrospective Rating Program, which is through the Ohio Department 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

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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, 2023, the General fund and Special Revenue funds had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 - Subsequent Events

The Township has accepted a bid from Alexander & Bebout, Inc. in the amount of \$8,797,307 for the construction of American Township Station #1 fire station building project. The Township has also been approved for a loan request with Citizens National Bank in the amount of \$7,269,264 with additional terms to be provided once project is ready to start.

This page intentionally left blank.

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, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$126,578	\$3,415,871	\$3,542,449
Charges for Services		682,712	682,712
Licenses, Permits and Fees	230,973	26,302	257,275
Intergovernmental	167,073	1,039,771	1,206,844
Special Assessments		12,759	12,759
Earnings on Investments	21,004	2,602	23,606
Miscellaneous	16,798	97,327	114,125
<i>Total Cash Receipts</i>	<u>562,426</u>	<u>5,277,344</u>	<u>5,839,770</u>
Cash Disbursements			
Current:			
General Government	369,838		369,838
Public Safety	202,248	3,420,604	3,622,852
Public Works		760,556	760,556
Health	57,647	18,651	76,298
Capital Outlay	25,150	519,616	544,766
<i>Total Cash Disbursements</i>	<u>654,883</u>	<u>4,719,427</u>	<u>5,374,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(92,457)</u>	<u>557,917</u>	<u>465,460</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds		30,685	30,685
<i>Total Other Financing Receipts (Disbursements)</i>		<u>30,685</u>	<u>30,685</u>
<i>Net Change in Fund Cash Balances</i>	(92,457)	588,602	496,145
<i>Fund Cash Balances, January 1</i>	<u>820,551</u>	<u>4,122,858</u>	<u>4,943,409</u>
<i>Fund Cash Balances, December 31</i>	<u>\$728,094</u>	<u>\$4,711,460</u>	<u>\$5,439,554</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, 2022

	Custodial
Additions	
Special Assessment Collections for Distribution	\$135,975
<i>Total Additions</i>	135,975
 Deductions	
Distributions on Behalf of Other Governments	135,975
<i>Total Deductions</i>	135,975
 <i>Net Change in Fund Balances</i>	
 <i>Fund Cash Balances, January 1</i>	 70,915
 <i>Fund Cash Balances, December 31</i>	 \$70,915

See accompanying notes to the basic financial statements

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Group Retrospective Rating Program and Ohio Township Association Risk Management Authority. 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 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, 2022

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 assessments funds and wires 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 3929.86. For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) for All Fiduciary Fund Types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the 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, 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, 2022

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 the 2022 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.

Leases and SBITAs

The Township is the lessor/lessee in various leases (as defined by GASB 87) related to equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

The Township has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

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 *non-spendable* 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.

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$628,100	\$562,426	(\$65,674)
Special Revenue	4,191,750	5,308,029	\$1,116,279
Capital Projects	50		(\$50)
Total	<u>\$4,819,900</u>	<u>\$5,870,455</u>	<u>\$1,050,555</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,431,000	\$654,883	\$776,117
Special Revenue	8,181,000	4,719,427	3,461,573
Capital Projects	50		50
Total	<u>\$9,612,050</u>	<u>\$5,374,310</u>	<u>\$4,237,740</u>

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

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 and investment accounts are as follows:

	2022
Demand deposits	<u>\$5,510,469</u>
Total deposits	<u><u>\$5,510,469</u></u>

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.

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 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.

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

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Approximately 15 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 post retirement healthcare 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, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equaling 19.50 percent of full-time police members’ wages and 24 percent of full-time fire fighters’ wages respectively. The Township has paid all contributions required through December 31, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

American Township
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Department 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

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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, 2022, the General fund and Special Revenue funds had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
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 the 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, 2023 and 2022 and the related notes to the financial statements of American Township, Allen County, (the Township) and have issued our report thereon dated November 19, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on the Special Revenue funds charges for services for the year ended December 31, 2022 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion 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 2023-001 and 2023-002 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 matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-003.

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

The 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

November 19, 2024

**AMERICAN TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

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 during 2022. 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 \$605,931 out of Special Revenue total Charge for Services of \$682,712 or 89% and 11% of total Special Revenue cash receipts of \$5,308,029 for 2022.

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 2023-002

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 assessment revenue. This led to General fund special assessment receipts to be overstated by \$135,975 for 2022 and \$135,000 in 2023. Special Revenue fund special assessments revenue was also overstated by \$950 due to this error in 2023. This error also led to an understatement of Custodial fund special assessment collections for distribution by \$135,975 for 2022 and \$135,950 for 2023.
- General fund capital outlay expenditures were overstated by \$135,975 for 2022 due to the Township incorrectly recording Custodial fund activity in the General fund. Special Revenue capital outlay expenditures were overstated by \$135,950 in 2023 due to the Township incorrectly recording Custodial fund activity in the Special Revenue fund.
- Special revenue fund intergovernmental revenues for homestead and rollback were posted as property tax revenue leading to property taxes being overstated by \$117,754 and intergovernmental being understated by the same amount in 2022 and \$114,193 in 2023.
- Special revenue extraordinary items were overstated and intergovernmental revenue was understated by the same amounts due to grant revenue being posted as an extraordinary item by \$640,491 in 2022 and \$154,241 in 2023.
- Custodial fund other amounts collected for distribution were incorrectly classified and should have been General fund - sale of capital asset for \$28,269 in 2023. This led to General fund balance and sale of capital asset revenue being understated by \$28,269 and Custodial fund other amounts collected for distribution revenue and fund balance being overstated by the same amount.

The amounts above were adjusted to the accompanying financial statements and accounting software as necessary.

The Township also had unadjusted misstatements ranging from \$8,340 to \$13,781.

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 Township 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, 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 2023-003

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.

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

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 FY21 Audit (Finding Number 2021-003), the FY19 Audit (Finding Number 2019-003), and the FY17 Audit (Finding Number 2017-006). Mr. Overholt has yet to complete the required continuing educational training through December 31, 2023. In addition, there was not a notice of exemption filed. The lack of attending the required training leads to financial reporting errors as noted in finding number 2023-002. 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 is now registered with the online training database and is reporting his hours. He is also making sure that all regular training is being done and better records of these are kept for the next audit. He would also like to point out that the AOS has made it much easier to register and participate in these training sessions, which was not always the case in the past when many were NOT held online and required physical attendance. This often makes it very hard for a fiscal officer who has a full time job, the addition of many more online workshops/seminars will help tremendously.

This page intentionally left blank.



American Township

102 Pioneer St Elida, OH 45807 (419) 331-8651

Trustees- Paul Basinger Ross Harmon Lynn Mohler **Fiscal Officer-** Brady Overholt

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness - Service Organization	Not Corrected	Reported as finding 2023-001. First reported as 2017-002
2021-002	Material Weakness - Financial Reporting	Not Corrected	Reported as finding 2023-002. First reported as 2017-001
2021-003	Non-compliance - Ohio Revised Code § 507.12(B)	Not Corrected	Reported as finding 2023-003. First reported as 2019-003

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 12/12/2024

65 East State 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