



Certified Public Accountants, A.C.

**AMERICAN TOWNSHIP  
ALLEN COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

313 Second St.  
Marietta, OH 45750  
740 373 0056

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

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

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

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the American Township, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**Ohio Rev. Code § 507.09(A)(7)** provides, in part, that in calendar year 2016, for townships having a budget of more than six million but not more than ten million dollars, the township fiscal officer shall be entitled to compensation of twenty-five thousand five hundred seventy-three dollars.

Article II, § 20 of the Ohio Constitution provides that the general assembly, in cases not provided for in this constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Prior to Fiscal Officer, Laurie Denise Swick, entering her second term of office on April 1, 2016, her annual salary was \$24,355. Her monthly salary should have been based on this salary amount for January 2016 through March 2016 because she remained in her first term of office, which the General Assembly did not provide for a salary increase prior to her entering office in 2012. After beginning a new term effective April 1, 2016, the Fiscal Officer was eligible for an increase. Therefore, her monthly salary should have been based on the statutorily designated salary amount of \$25,573 for her second term in office beginning in April of 2016.

As a result, for January through December 2016, the Fiscal Officer should have been paid \$25,269; however, the Fiscal Officer was paid \$25,573, which resulted in an overpayment of \$304.

Township Trustees  
American Township  
105 W Main St  
Elida, OH 45807  
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In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby proposed against the former Township Fiscal Officer Laurie Swick in the amount of \$304, and in favor of the Township's General Fund in the amount of \$304.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The American Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State

February 4, 2018

AMERICAN TOWNSHIP  
ALLEN COUNTY

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## INDEPENDENT AUDITOR'S REPORT

October 12, 2018

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **American Township**, Allen County, (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

The Township has outsourced EMS billings to a service organization. The financial statements report EMS billings and collections in the Ambulance and Emergency Medical Services Fund (a Special Revenue Fund). The service organization did not provide us with information we requested regarding the design or proper operation of its internal controls or with certain information regarding charges for services. We were therefore unable to obtain sufficient appropriate audit evidence supporting the completeness or accuracy of EMS charges for services. These receipts represent 11 percent in 2017 and 11 percent in 2016 of the Charges for Services receipts reported within the special revenue funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of American Township, Allen County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Unmodified Opinion***

In our opinion, the financial statements present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the General Fund of American Township, Allen County, as of December 31, 2017 and 2016, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

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

**AMERICAN TOWNSHIP  
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 163,814	\$ 3,204,946	\$ 3,368,760
Charges for Services	-	526,482	526,482
Licenses, Permits and Fees	237,705	11,240	248,945
Fines and Forfeitures	163	-	163
Intergovernmental	154,807	230,380	385,187
Special Assessments	67,975	8,887	76,862
Earnings on Investments	10,164	201	10,365
Miscellaneous	31,581	51,327	82,908
<i>Total Cash Receipts</i>	<u>666,209</u>	<u>4,033,463</u>	<u>4,699,672</u>
<b>Cash Disbursements</b>			
Current:			
General Government	535,267	-	535,267
Public Safety	152,369	2,720,236	2,872,605
Public Works	-	503,777	503,777
Health	68,202	17,748	85,950
Capital Outlay	-	1,916,604	1,916,604
<i>Total Cash Disbursements</i>	<u>755,838</u>	<u>5,158,365</u>	<u>5,914,203</u>
<i>Net Change in Fund Cash Balances</i>	(89,629)	(1,124,902)	(1,214,531)
<i>Fund Cash Balances, January 1</i>	<u>1,379,009</u>	<u>2,494,483</u>	<u>3,873,492</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	761,832	761,832
Committed	-	607,749	607,749
Assigned	1,289,380	-	1,289,380
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,289,380</u>	<u>\$ 1,369,581</u>	<u>\$ 2,658,961</u>

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

**AMERICAN TOWNSHIP**  
*ALLEN COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**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 Pool***

The Township participates in the Ohio Township Association Group Retrospective Rating Program and Unemployment Consultant Program. Note 9 to the financial statements provides 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.

***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.

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

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

**AMERICAN TOWNSHIP**  
*ALLEN COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2017 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.

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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*. 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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 566,549	\$ 666,209	\$ 99,660
Special Revenue	4,619,620	4,033,463	(586,157)
Total	\$ 5,186,169	\$ 4,699,672	\$ (486,497)

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 3 – Budgetary Activity (Continued)**

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,990,332	\$ 759,762	\$ 1,230,570
Special Revenue	6,991,955	5,165,163	1,826,792
Total	\$ 8,982,287	\$ 5,924,925	\$ 3,057,362

**Note 4 – Deposits**

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

	2017
Demand deposits	\$ 2,258,961
Certificates of Deposit	400,000
Total deposits	\$2,658,961

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS).

**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**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**AMERICAN TOWNSHIP**  
*ALLEN COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*  
*(Continued)*

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Approximately 20 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Pension Fund***

Approximately 26 employees belong to the Ohio Police and Fire Pension Fund (OPFPF). OPFPF 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. OPFPF members contributed 11.5 percent of their gross salaries and the Township contributed an amount equaling 24 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**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 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Public Entity Risk Pool**

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

**Note 10 – Contingent Liability**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. 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.

**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, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 157,476	\$ 3,097,656	\$ 3,255,132
Charges for Services	-	541,556	541,556
Licenses, Permits and Fees	225,735	30,902	256,637
Fines and Forfeitures	2,697	-	2,697
Intergovernmental	149,503	439,693	589,196
Special Assessments	70,716	8,425	79,141
Earnings on Investments	12,764	190	12,954
Miscellaneous	73,669	47,458	121,127
<i>Total Cash Receipts</i>	<u>692,560</u>	<u>4,165,880</u>	<u>4,858,440</u>
<b>Cash Disbursements</b>			
Current:			
General Government	556,089	-	556,089
Public Safety	152,575	2,794,950	2,947,525
Public Works	-	512,264	512,264
Health	50,600	19,196	69,796
Capital Outlay	154,266	1,111,255	1,265,521
<i>Total Cash Disbursements</i>	<u>913,530</u>	<u>4,437,665</u>	<u>5,351,195</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(220,970)</u>	<u>(271,785)</u>	<u>(492,755)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	5,000	5,000	10,000
Advances Out	(5,000)	(5,000)	(10,000)
<i>Net Change in Fund Cash Balances</i>	<u>(220,970)</u>	<u>(271,785)</u>	<u>(492,755)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,599,979</u>	<u>2,766,268</u>	<u>4,366,247</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	1,956,687	1,956,687
Committed	-	537,796	537,796
Assigned	1,379,009	-	1,379,009
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,379,009</u>	<u>\$ 2,494,483</u>	<u>\$ 3,873,492</u>

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



**AMERICAN TOWNSHIP**  
*ALLEN COUNTY*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**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.

***Risk Pool Membership***

The Township participates in the Ohio Township Association Group Retrospective Rating Program and Unemployment Consultant Program. Note 9 to the financial statements provides additional information for these entities.

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

**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.

***Fund Accounting***

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

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

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

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

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

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

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

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

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2016 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.

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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*. 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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 409,050	\$ 692,560	\$ (283,510)
Special Revenue	3,918,652	4,165,880	(247,228)
Total	\$ 4,327,702	\$ 4,858,440	\$ (530,738)

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 3 – Budgetary Activity (Continued)**

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,973,950	\$ 917,662	\$ 1,056,288
Special Revenue	6,582,750	4,444,722	2,138,028
Total	\$ 8,556,700	\$ 5,362,384	\$ 3,194,316

**Note 4 – Deposits**

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

	2016
Demand deposits	\$ 3,473,492
Certificates of Deposit	400,000
Total deposits	3,873,492

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**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**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Approximately 20 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 healthcare and survivor and disability benefits.

**AMERICAN TOWNSHIP**  
**ALLEN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**Note 7 - Defined Benefit Pension Plans (Continued)**

***Ohio Public Employees Retirement System (Continued)***

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

***Ohio Police and Fire Pension Fund***

Approximately 26 employees belong to the Ohio Police and Fire Pension Fund (OPFPF). OPFPF 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. OPFPF members contributed 11.5 percent of their gross salaries and the Township contributed an amount equaling 24 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**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 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Public Entity Risk Pool**

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

**Note 10 – Contingent Liability**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. 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.



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

October 12, 2018

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **American Township**, Allen County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion on the special revenue funds due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2017-001 and 2017-002 described in the accompanying schedule of audit findings to be material weaknesses.

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### **Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-003 described in the accompanying schedule of audit findings to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as items 2017-004 through 2017-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 12, 2018.

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

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

### **Purpose of this Report**

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



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

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

**Material Weakness**

**Financial Reporting**

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

During 2016 and 2017, receipts, disbursements, and fund balances were not always posted or classified correctly and footnote disclosures were not always up to date. The following errors were noted:

- Subsequent year appropriations that exceeded estimated receipts were misclassified as Unassigned instead of Assigned in 2017 and 2016;
- Road and Bridge fund balance was improperly classified as Restricted and should have been classified as Committed due to property tax receipts being received for inside millage;
- Second half rollback receipt in 2016 was receipted entirely to the General Fund instead of allocated between the General, Road and Bridge, Fire, and EMS Funds per the *Statement of Semiannual Apportionment of Taxes*;
- FEMA receipts were recorded in the Ambulance and Emergency Fund instead of a separate FEMA Fund in 2016 (adjustments were not made for this error due to the revenue and expense occurring in the same year);
- Fire insurance proceeds and related expense were recorded within the General Fund instead of a separate Agency Fund in 2017 and 2016 (adjustments were not made for this error due to the revenue and expense occurring in the same year);
- Errors in the footnotes were modified and/or corrected as necessary.

As a result, reclassifications, adjustments and modifications were made (except as noted above) in order to fairly present the annual financial report. The financial statements and footnotes reflect these reclassifications, adjustments and modifications (except as noted above). The Township has posted the adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements.

We also recommend the Township refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances. The Township should also ensure all applicable footnote disclosures are accurately reported by reviewing guidance on the State Auditor's website and various training opportunities. The Township should refer to the Township Handbook for proper posting of receipts and disbursements.

**Management's Response** – We did not receive a response from officials to this finding.



**AMERICAN TOWNSHIP  
ALLEN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-002**

**Material Weakness**

**Service Organization**

The Township has outsourced the processing of EMS billings, which is a significant accounting function, to a third party administrator, Alpha Medical Billing. The EMS billing revenues represent \$453,357 (or 86 percent) for 2017 and \$462,181 (or 85 percent) of charges for services receipts in the special revenue fund type. The Township has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that EMS billing activity has been completed and accurately processed.

The third party administrator did not provide the Township with the information regarding the design or proper operation of its internal controls for 2017 and 2016. We were unable to obtain sufficient audit evidence supporting completeness and accuracy of the amounts recorded as charges for services in the Ambulance and Emergency Medical Services special revenue fund, as a result, we have modified our opinion. The Township did not perform reconciliations between billing reports provided by the third party administrator and internal run reports to ensure all individuals that should have been billed, were billed, and at the appropriate rate.

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

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

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

**Management's Response** – Alpha Medical Billing handles our EMS Billing. In the future the fiscal officer and Fire Chief will work with Alpha to make sure all reports are handled correctly.

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-003

**Significant Deficiency**

**Approved Pay Rates**

Hourly employees of the Township are compensated for hours worked, which are derived from timecards completed on a bi-weekly basis and submitted to the Fiscal Officer for payment. Pay rates for hourly employees that are not a part of the Firefighter's Union Contract are established by the Township Trustees.

For 7 of 14 employees tested during 2017 and 2016, pay rates could not be verified to a board-approved hourly rate, nor did the Township have an approved rate schedule for all employees. A lack of approved pay rates can lead to improper payments to employees without timely detection by management.

We recommend the Township approve all pay rates for employees or develop an approved salary schedule.

**Management's Response** – Prior audits have never mentioned anything about individual pay rates (per employee) being included at beginning of year organizational meetings. Pay rates have always been approved and now individual rates will also be attached.

FINDING NUMBER 2017-004

**Noncompliance**

**Salary Overpayment**

**Ohio Rev. Code § 507.09(A)(3)** provides in calendar year 2016, in townships having a budget of more than six million but not more than ten million dollars, the township fiscal officer shall be entitled to compensation of twenty-five thousand five hundred seventy-three dollars.

Prior to the Fiscal Officer taking office on April 1, 2016, her annual salary would have been \$24,355; therefore, her monthly salary should have been based on this salary amount for January 2016 through March 2016. After beginning a new term effective April 1, 2016, the Fiscal Officer would have been eligible for a raise to a new annual salary amount of \$25,573. Therefore, her monthly salary should have been based on this salary amount for April 2016 through December 2016. As a result, for 2016 the Fiscal Officer should have been paid \$25,268; however, the Fiscal Officer was paid \$25,573 for an overpayment of \$304.

We recommend the Township utilize the compensation charts as determined by the Ohio Revised Code for compensation of elected officials.

**Management's Response** – Former fiscal officer during this time.

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-005

**Noncompliance**

**Unapproved Advances**

Pursuant to AOS Bulletin 97-003 cash advances are subject to the following requirement:

- Advances must be approved by a formal resolution of the taxing authority of the subdivision (Township Trustees) which must include both a specific statement that the transaction is an advance of cash and an indication of the money (fund) from which it is expected that repayment will be made.

In 2016, the Township advanced \$5,000 from the General Fund to the Lighting District Fund without formal approval by the Trustees. The Township repaid the advance during 2016, therefore no adjustment is necessary.

We recommend the Township ensure transfers and advances are properly approved prior to posting to the accounting system.

**Management's Response** – Former fiscal officer during this time.

FINDING NUMBER 2017-006

**Noncompliance**

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

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

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

**Management's Response** – As an appointed fiscal officer I had the understanding that training was to be completed once actually elected and within the first year. I will make sure to get the proper training yearly so this doesn't occur in future years.

FINDING NUMBER 2017-007

**Noncompliance**

**Ohio Revised Code Section 507.03** prescribes minimum bond requirements for the Fiscal Officer based on the annual budget of the Township.

In a Township with a budget of more than six million dollars but not more than ten million dollars, the minimum bond amount is two hundred twenty thousand dollars.

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-007 (Continued)

Noncompliance (Continued)

Ohio Revised Code Section 507.03 (Continued)

During the audit period, the Fiscal Officer was bonded for One Hundred Ninety Five Thousand dollars, which is less than the minimum amount.

We recommend the Township ensure the Fiscal Officer is bonded for at least the minimum required amount as prescribed by the Ohio Revised Code.

**Management's Response** – The formal fiscal officer had me bonded me while she was still in office. As of 2018 the bond amount was increased to \$250,000. This will no longer be an issue in future audits.

FINDING NUMBER 2017-008

Noncompliance

**Ohio Revised Code Section 5705.36** states that upon determination by the fiscal officer of a subdivision that the revenue to be collected will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and the commission shall certify an amended official certificate reflecting the excess. Ohio Rev. code section 5705.36(A)(4) states that upon determination by the fiscal officer of a subdivision that the revenue to be collected will be less than the amount included in an official certificate and the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended official certificate reflecting the deficiency. Ohio Rev. Code section 5705.36(A)(5) states that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During 2017, the Township's actual resources fell short of estimated resources, and an amended certificate was not obtained.

The Township should obtain a reduced amended certificate of estimated resources when it becomes apparent the amount received will be less than estimated.

**Management's Response** – According to the former fiscal officer this had never been done in the past. I will make sure to have an amended certificate if this happens in the future.

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-009

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 23% of the expenditures tested for 2017 and for 24% of the expenditures tested for 2016.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

AMERICAN TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-009 (Continued)

**Material Weakness/Noncompliance (Continued)**

**Ohio Revised Code Section 5705.41(D) (Continued)**

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**AMERICAN TOWNSHIP**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 14, 2019**