



OHIO AUDITOR OF STATE
KEITH FABER



ALLEN TOWNSHIP
OTTAWA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	5
Notes to the Financial Statements - For the Year Ended December 31, 2019	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018	12
Notes to the Financial Statements - For the Year Ended December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21
Summary Schedule of Prior Audit Findings (Prepared by Management).....	23

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Allen Township
Ottawa County
21030 West Toledo Street
P.O. Box 440
Williston, Ohio 43468-0440

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 Allen Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 15, 2020

This page intentionally left blank.

Allen Township
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$74,897	\$271,643		\$346,540
Licenses, Permits and Fees	22,388	13,694		36,082
Fines and Forfeitures	1,098			1,098
Intergovernmental	43,227	170,334	\$35,655	249,216
Special Assessments	250	29,916		30,166
Earnings on Investments	4,072	169		4,241
Miscellaneous	6,045	11,240		17,285
<i>Total Cash Receipts</i>	<u>151,977</u>	<u>496,996</u>	<u>35,655</u>	<u>684,628</u>
Cash Disbursements				
Current:				
General Government	154,125			154,125
Public Safety		76,488		76,488
Public Works	559	337,499		338,058
Health	15,215	55,425		70,640
Conservation-Recreation	1,762			1,762
Capital Outlay	250	5,107	35,655	41,012
Debt Service:				
Principal Retirement		23,166		23,166
<i>Total Cash Disbursements</i>	<u>171,911</u>	<u>497,685</u>	<u>35,655</u>	<u>705,251</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(19,934)</u>	<u>(689)</u>		<u>(20,623)</u>
Other Financing Receipts				
Sale of Capital Assets	2,110			2,110
<i>Net Change in Fund Cash Balances</i>	(17,824)	(689)		(18,513)
<i>Fund Cash Balances, January 1</i>	<u>63,394</u>	<u>387,159</u>	<u>15,315</u>	<u>465,868</u>
Fund Cash Balances, December 31				
Restricted		331,903	15,315	347,218
Committed		54,567		54,567
Assigned	25,726			25,726
Unassigned	19,844			19,844
<i>Fund Cash Balances, December 31</i>	<u>\$45,570</u>	<u>\$386,470</u>	<u>\$15,315</u>	<u>\$447,355</u>

See accompanying notes to the financial statements

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Allen Township, Ottawa County, Ohio, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, parks and recreation services, and cemetery maintenance. The Township contracts with the Ottawa County Sheriff to provide police services and Allen-Clay Joint Fire District to provide fire services and emergency services to the Township.

Public Entity Risk Pool, Jointly Governed Organization

The Township participates in a public entity risk pool and a jointly governed organization. Notes 6 and 10 to the financial statements, respectively, 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 which is organized on a fund type basis.

Fund Accounting

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

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

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

Road and Bridge Fund The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

Public Works Commission Project Fund The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

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.

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,555	\$154,087	(\$9,468)
Special Revenue	468,995	496,996	28,001
Capital Projects	739,091	35,655	(703,436)
Total	\$1,371,641	\$686,738	(\$684,903)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$225,236	\$172,868	\$52,368
Special Revenue	784,582	498,392	286,190
Capital Projects	754,406	35,655	718,751
Total	\$1,764,224	\$706,915	\$1,057,309

Note 4 – Deposits

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

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

	<u>2019</u>
Demand deposits	<u>\$143,563</u>
Other time deposits (savings accounts)	<u>303,792</u>
Total deposits	<u><u>\$447,355</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CE30N	\$10,678	0%
OPWC Loan #CE41O	11,509	0%
OPWC Loan #CE46Q	33,672	0%
Total	\$55,859	

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Debt consists of Ohio Public Works Commission (OPWC) zero interest loans relating to road resurfacing projects. The loans will be repaid in semiannual installments from the Motor Vehicle License Tax Fund.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loans
2020	\$23,166
2021	12,488
2022	6,735
2023	6,735
2024	6,735
Total	<u>\$55,859</u>

Note 10 – Jointly Governed Organization

Allen-Clay Joint Fire District (the District) is directed by an appointed four-member Board of Trustees. Each political subdivision within the District appoints one board member. These subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information may be obtained from the Fiscal Officer, Allen-Clay Joint Fire District, 3155 North Genoa Clay Center Road, Genoa, Ohio 43430.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The investments of the pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Contingent Liabilities

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.

Allen Township
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$68,234	\$257,729		\$325,963
Licenses, Permits and Fees	22,394	16,427		38,821
Fines and Forfeitures	2,464			2,464
Intergovernmental	41,662	147,821	\$158,079	347,562
Special Assessments		29,016		29,016
Earnings on Investments	5,402	225		5,627
Miscellaneous	5,093	9,279		14,372
<i>Total Cash Receipts</i>	<u>145,249</u>	<u>460,497</u>	<u>158,079</u>	<u>763,825</u>
Cash Disbursements				
Current:				
General Government	196,298			196,298
Public Safety		90,533		90,533
Public Works	559	347,560		348,119
Health	15,215	55,863		71,078
Conservation-Recreation	2,117			2,117
Capital Outlay	34	5,085	167,148	172,267
Debt Service:				
Principal Retirement		19,798		19,798
<i>Total Cash Disbursements</i>	<u>214,223</u>	<u>518,839</u>	<u>167,148</u>	<u>900,210</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(68,974)</u>	<u>(58,342)</u>	<u>(9,069)</u>	<u>(136,385)</u>
Other Financing Receipts				
Sale of Capital Assets			21,817	21,817
<i>Net Change in Fund Cash Balances</i>	(68,974)	(58,342)	12,748	(114,568)
<i>Fund Cash Balances, January 1</i>	<u>132,368</u>	<u>445,501</u>	<u>2,567</u>	<u>580,436</u>
Fund Cash Balances, December 31				
Restricted		322,232	15,315	337,547
Committed		64,927		64,927
Assigned	61,681			61,681
Unassigned	1,713			1,713
<i>Fund Cash Balances, December 31</i>	<u>\$63,394</u>	<u>\$387,159</u>	<u>\$15,315</u>	<u>\$465,868</u>

See accompanying notes to the financial statements

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Allen Township, Ottawa County, Ohio, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, parks and recreation services, and cemetery maintenance. The Township contracts with the Ottawa County Sheriff to provide police services and Allen-Clay Joint Fire District to provide fire services and emergency services to the Township.

Public Entity Risk Pool, Jointly Governed Organization

The Township participates in a public entity risk pool and a jointly governed organization. Notes 6 and 10 to the financial statements, respectively, provide additional information for these entities.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Road and Bridge Fund The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

Public Works Commission Project Fund The Township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

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.

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,744	\$145,249	(\$15,495)
Special Revenue	465,400	460,497	(4,903)
Capital Projects	226,500	179,896	(46,604)
Total	\$852,644	\$785,642	(\$67,002)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$291,088	\$215,153	\$75,935
Special Revenue	799,767	521,919	277,848
Capital Projects	229,067	167,148	61,919
Total	\$1,319,922	\$904,220	\$415,702

Note 4 – Deposits

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

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

	2018
Demand deposits	<u>\$165,209</u>
Other time deposits (savings accounts)	<u>300,659</u>
Total deposits	<u><u>465,868</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018

Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

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

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CE30N	\$21,355	0%
OPWC Loan #CE41O	17,263	0%
OPWC Loan #CE46Q	40,407	0%
Total	<u>\$79,025</u>	

Debt consists of Ohio Public Works Commission (OPWC) zero interest loans relating to road resurfacing projects. The loans will be repaid in semiannual installments from Motor Vehicle License Tax Fund.

Allen Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	<u>OPWC Loans</u>
2019	\$23,166
2020	23,167
2021	12,488
2022	6,735
2023-2024	<u>13,469</u>
Total	<u>\$79,025</u>

Note 10 – Jointly Governed Organization

Allen-Clay Joint Fire District (the District) is directed by an appointed four-member Board of Trustees. Each political subdivision within the District appoints one board member. These subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information may be obtained from the Fiscal Officer, Allen-Clay Joint Fire District, 3155 North Genoa Clay Center Road, Genoa, Ohio 43430.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The investments of the pension and other employee benefit plan in which the Township participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Contingent Liabilities

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.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Allen Township
Ottawa County
21030 West Toledo Street
P.O. Box 440
Williston, Ohio 43468-0440

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 Allen Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 15, 2020 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 noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Township.

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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Township's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 15, 2020

ALLEN TOWNSHIP
OTTAWA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

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 required adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2019:

- Special Revenue Fund Type appropriation authority was increased in the amount of \$66,594 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount; and
- Capital Projects Fund Type intergovernmental receipts and capital outlay disbursements related to Ohio Public Works Commission Issue II projects were overstated in the amounts of \$387,989 and \$385,666, respectively.

We also identified the following errors that required adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2018:

- Special Revenue Fund Type appropriation authority was increased in the amount of \$58,398 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount;
- Capital Projects Fund Type intergovernmental receipts and capital outlay disbursements related to Ohio Public Works Commission Issue II projects were each understated in the amount of \$158,079; and
- Capital Projects Fund Type budgeted receipts and actual receipts were increased in the amounts of \$226,500 and \$21,817, respectively, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget and actual amounts.

These errors were not identified and corrected prior to the Township preparing its financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2019 and 2018.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Trustees to help identify and correct errors and omissions. The Fiscal Officer can refer to the Ohio Township Handbook at the following website address for guidance on the recording of transactions:

<http://www.ohioauditor.gov/publications/TownshipHandbook%202-27-19.pdf>

**FINDING NUMBER 2019-001
(CONTINUED)**

The Fiscal Officer can also refer to Audit Bulletin 2002-004 at the following website address for guidance on properly accounting for Issue 2 money:

<http://www.ohioauditor.gov/publications/bulletins/2002/2002-004.pdf>.

Officials' Response:

Budgetarily, Special Revenue Funds and Special Assessment Funds are identified separately. The Hinkle System "Notes" requires these monies to all be grouped into the special revenue category, thus the increase of \$66,594 and \$58,398 respectively to special revenues in the "Notes" report. This finding is the result of a misinterpretation of the "Notes" report format.

Allen Township was the lead agency, along with two other townships, in a joint Ohio Public Works Commission Issue II project. As such, all OPWC payments had to be accounted for (receipted and expensed) through Allen Township's budget. The Hinkle report "Notes" requires that OPWC Capital Projects dollars only reflect the reporting township and not any monies awarded to joint project townships. Therefore, Capital Project monies awarded to joint project townships and funneled through Allen Township, i.e. \$387,989, \$385,666, and \$158,079, were adjusted in the Hinkle System "Notes". This finding is the result of a misinterpretation/misunderstanding of the "Notes" report format.

Allen Township Trustees
P.O. Box 440, Williston, Ohio 43468-0440
Phone/Fax (419) 836-4204

Scott Everhardt
Ernest Cottrell

Craig Blausey
Jennifer Witt, Fiscal Officer

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness for errors in Financial Reporting. Finding initially reported as Finding 2015-001.	Not corrected and reissued as Finding 2019-001 in this report	This matter was not corrected due to deficiencies in the Township's internal controls over financial reporting. Management is aware and understands the importance of the information presented on the financial statements and will ensure information will be accurately identified and reported in the future.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



ALLEN TOWNSHIP

OTTAWA 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 10/6/2020

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

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