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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

American Township (Allen County),
Ohio Energy Special Improvement District, Inc.
Allen County
C/O Washington Prime Group
Attn: Jeff Pallay
180 E. Broad Street
Columbus, Ohio 43215

We have performed the procedures enumerated below, which were agreed to by the members of the Board and the district officers, district members and directors and their designees or proxies, herein governing of the American Township (Allen County), Ohio Energy Special Improvement District, Inc. (the District) on the receipts, disbursements and balances recorded in the Districts cash basis bank records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis bank records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We confirmed the December 31, 2016 bank account balances with the District's financial institution. We found no exceptions.

Confirmable Cash Receipts

1. We confirmed the amounts paid from American Township to the District during 2016 with the Township. We found no exceptions.
 - a. We inspected the Bank Reports to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We inspected the Bank Reports to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The District was organized on October 20, 2015. As a result there was not a prior audit or agreed upon procedures engagement; therefore no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Bank Reports for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt agreed to the summary we used in step 3.

Debt (continued)

3. We obtained a summary of bonded debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to Bond Fund payments reported in the Bank Reports with the exception of interest payment \$6,071 dated December 4, 2015 did not agree to the amortization schedule amount due of \$6,261. We also compared the date the debt service payments were due to the date the District made the payments. We found payments were made timely except the payment due December 1, 2015 was paid on December 4, 2015 and the payment due June 1, 2016 was paid June 3, 2016.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Project Fund and ESID Administrative Expense Fund per the Bank Reports. The amounts agreed. The District properly recorded the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code Section 5705.09(E) except for \$152,490 of the bond proceeds related to the estimated bond transaction costs was posted to the ESID Administrative Expense Fund instead of the Project Fund (Energy Project account). These errors result in the overstatement of the ESID Administrative Expense Fund and an understatement of the Project Fund (Energy Project account) by \$152,490. The District has adjusted its bank reports to correct these recording errors. Also, control procedures should be developed to help prevent and detect recording errors.
5. For new debt issued during 2016 and 2015, we inspected the debt legislation, which stated the District must use the proceeds to finance energy efficiency improvements to the Lima Mall. We inspected the Bank Reports and observed the District paid fees to develop and implement the Energy Special Improvement District, bond issuance costs, and trustee fees. We inspected the Bank Reports and noted the following:
 - a. Electronic payments on November 9, 2015 for \$7,500, \$40,000, and \$22,500 and on November 10, 2015 for \$25,000 and \$20,490 paid from the ESID Administrative Expense Fund for bond issuance costs, should have been paid from the Project Fund (Energy Project account) to follow the bond proceeds. These errors result in the overstatement of the Project Fund and understatement of the ESID Administrative Expense Fund by \$115,490. The District has adjusted its bank reports to correct these recording errors. Also, a review should be performed to determine the existence of similar errors. Control procedures should be developed to help prevent and detect recording errors.
 - b. The District's Revenue Fund is to transfer money to cover costs as outlined in the Trust Agreement Section 4.05(e) to the ESID Administrative Expense Fund, the Interest and Principal Account in the Bond fund and to the Trustee for the Trustee Fee. The excess money remaining from the Special Assessments revenue after making these transfers is to be transferred to the ESID Administrative Expense Fund at each interest payment date. At June 1, 2016 and December 1, 2016, excess revenues in the amount of \$112 and \$812, respectively should have been transferred to the ESID Administrative Expense Fund from the Revenue Fund. These errors result in the overstatement of the Revenue Fund and understatement of the ESID Administrative Expense Fund by \$925. The District has adjusted its bank reports to correct these recording errors. Also, a review should be performed to determine the existence of similar errors. Control procedures should be developed to help prevent and detect recording errors.

Debt (continued)

- c. Per the Trust Agreement, Section 4.04(c) investment earnings on the Project Fund shall be credited to the Revenue Fund. Investment earnings in the amount of \$2,401 were credited to the Project Fund (Energy Project account), instead of the Revenue Fund. Investment earnings are pledged revenues required to be credited to the Revenue Fund. These errors result in the overstatement of the Project Fund and understatement of the Revenue Fund by \$2,401. The District has adjusted its bank reports to correct these recording errors. Also, a review should be performed to determine the existence of similar errors. Control procedures should be developed to help prevent and detect recording errors.
- d. Per the Trust Agreement, Section 4.05(f) any excess balance in the Revenue Fund shall be transferred to the Surplus Fund, however, per the Trust Agreement, Section 4.07(b) any balance in the Surplus Fund shall be immediately transferred to the Project Fund (Energy Project account). The Revenue Fund had a balance of \$1,651 at December 31, 2016 after adjustments were posted that should have been transferred to the Project Fund (Energy Project account). These errors result in the overstatement of the Revenue Fund and understatement of the Project Fund (Energy Project account) by \$1,651. The District has adjusted its bank reports to correct these recording errors. Also, a review should be performed to determine the existence of similar errors. Control procedures should be developed to help prevent and detect recording errors.

As of December 31, 2016 after adjustments above were made to the bank records, the Project Fund (Energy Project account) had \$1,192,457 balance remaining for energy efficiency improvements and to pay outstanding bond issuance costs and the ESID Administrative Expense Fund had a balance of \$5,425 remaining to pay ESID expenses.

Non-Payroll Cash Disbursements

1. From the Bank Report, we re-footed transactions recorded in the Project Fund (Energy Project account). We found no exceptions.
2. We selected all disbursements from the Bank Report for the year ended December 31, 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The payee name and amount recorded on the Bank Report agreed to the name and amount on the supporting invoice. We found no exceptions, however, the District needs to maintain accounting records separate from the bank reports.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Other Compliance

Ohio Rev. Code Section 117.38 requires these districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. Financial information was filed on August 10, 2017 which was not within the allotted timeframe. The District is required to maintain an "active" status with the Secretary of State to operate. In order to maintain an "active" status the District must file annual financial statements. We inspected the Secretary of State's website and confirmed the District is in "active" status. There were no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the District's receipts, disbursements and balances recorded in its cash-basis bank records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 19, 2018



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AMERICAN TOWNSHIP, OHIO ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.

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
MAY 22, 2018**