



OHIO AUDITOR OF STATE
KEITH FABER



DANBURY 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 (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018.....	5
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2018.....	6
Notes to the Financial Statements - For the Year Ended December 31, 2018.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2017.....	15
Notes to the Financial Statements - For the Year Ended December 31, 2017.....	16
Independent Auditor's Report on Internal Control Over Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Summary Schedule of Prior Audit Findings (Prepared by Management).....	30

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Danbury Township
Ottawa County
5972 East Port Clinton Eastern Road
Marblehead, Ohio 43440-9782

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 Danbury Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017.

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, 2018 and 2017, 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 Danbury Township, Ottawa County, Ohio as of December 31, 2018 and 2017, 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 6 to the 2018 financial statements, the Township has suffered recurring losses from self-insurance operations and has a net deficiency. Note 13 also describes management's evaluation of the events and conditions and their plans to mitigate these matters. Our opinion is unmodified regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 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

February 13, 2020

This page intentionally left blank.

Danbury 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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$160,786	\$1,790,145	\$1,950,931
Charges for Services		198,831	198,831
Licenses, Permits and Fees	84,158	4,765	88,923
Fines and Forfeitures		1,481	1,481
Intergovernmental	66,743	299,517	366,260
Earnings on Investments	36,230	6,801	43,031
Miscellaneous	26,958	58,040	84,998
<i>Total Cash Receipts</i>	<u>374,875</u>	<u>2,359,580</u>	<u>2,734,455</u>
Cash Disbursements			
Current:			
General Government	315,218		315,218
Public Safety		2,114,809	2,114,809
Public Works	5,385	717,420	722,805
Health	55,823	5,779	61,602
Conservation-Recreation	2,600		2,600
Capital Outlay	160		160
Debt Service:			
Principal Retirement		3,363	3,363
<i>Total Cash Disbursements</i>	<u>379,186</u>	<u>2,841,371</u>	<u>3,220,557</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(4,311)</u>	<u>(481,791)</u>	<u>(486,102)</u>
<i>Fund Cash Balances, January 1</i>	<u>126,005</u>	<u>2,613,918</u>	<u>2,739,923</u>
Fund Cash Balances, December 31			
Restricted		1,535,187	1,535,187
Committed		596,940	596,940
Assigned	121,694		121,694
<i>Fund Cash Balances, December 31</i>	<u>\$121,694</u>	<u>\$2,132,127</u>	<u>\$2,253,821</u>

See accompanying notes to the financial statements

Danbury Township
Ottawa County
Statement of Receipts, Disbursements, and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Internal Service</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$371,969		\$371,969
Operating Cash Disbursements			
Claims	\$371,969		371,969
<i>Operating Income</i>			
Non-Operating Receipts (Disbursements)			
Intergovernmental		\$3,540	3,540
Principal Retirement		(\$3,540)	(\$3,540)
<i>Total Non-Operating Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>			
<i>Fund Cash Balances, January 1</i>			
<i>Fund Cash Balances, December 31</i>			
<i>See accompanying notes to the financial statements</i>			

Danbury 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 Danbury 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 road and bridge maintenance, cemetery maintenance, park operations, fire protection, emergency medical services, and general government services.

Public Entity Risk Pool

Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Police District Fund The police district fund receives property taxes, fines, intergovernmental receipts, and donations for providing police protection for the Township.

Fire & EMS Levy Fund The fire & EMS levy fund receives property taxes, donations, and charges for services from emergency medical services to be used for providing fire and emergency medical services.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

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

Self-funded Insurance Medical Fund The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township did not have any private purpose trust funds.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for receipts and corresponding debt service payments from another township within the county to the Ohio Public Works Commission for a joint road project in which the Township serves as the fiscal agent.

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 (except certain agency funds) 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.

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

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.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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

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	\$367,598	\$374,875	\$7,277
Special Revenue	2,177,970	2,359,580	181,610
Internal Service		371,969	371,969
Total	\$2,545,568	\$3,106,424	\$560,856

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$472,774	\$379,186	\$93,588
Special Revenue	4,775,535	2,841,371	1,934,164
Internal Service		371,969	(371,969)
Total	\$5,248,309	\$3,592,526	\$1,655,783

Note 4 – Deposits and Investments

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

	2018
Demand deposits	\$4,340
Other time deposits (savings account)	313,502
Total deposits	317,842
STAR Ohio	1,935,979
Total deposits and investments	\$2,253,821

Deposits

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

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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

Ohio Township Association Risk Management Authority

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:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

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

Self-Insurance

The Township is also self-insured for employee health insurance. The Self-funded Insurance Medical Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. Jefferson Health Plan also holds and invests cash from these claims payments that belong to the Township, but are not included in the Township's financial statements. At June 30, 2018, there was a deficit balance of \$30,817. A comparison of self-insurance activity cash and investments to the actuarially measured liability reported by Jefferson Health Plan as of June 30, 2018 (the latest information available) follows:

	<u>2018</u>
Cash and investments	(\$30,817)
Actuarial liabilities	(\$31,557)

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's full-time certified police officers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System – General (OPERS-G). 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 2018 OPERS-LE members contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. OPERS-G 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.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2018.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

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

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal
Ohio Public Works Commission - Loan CE41T	\$63,884

The Township received a \$67,246 loan through the Ohio Public Works Commission (OPWC) in accordance with Ohio Rev. Code 164.05 for Quarry Road TR 218 improvements. The loan is interest free and will be repaid in semiannual installments of \$3,362 with the final payment in January 2028.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loan CE41T
2019	\$6,725
2020	6,725
2021	6,725
2022	6,725
2023	6,725
2024-2028	30,259
Total	\$63,884

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

Note 10 – Contingent Liabilities

The Township is awaiting final accounting from Ohio Public Entity Consortium Health Cooperative (OPECHC), a public entity risk pool for health insurance that the Township belonged to until December 31, 2017. The Township withdrew from this pool effective January 1, 2018. An estimate for run-out claims has been paid. However, any possible final loss is not reasonably estimated currently.

Note 11 – Miscellaneous Revenue

General Fund miscellaneous receipts consisted primarily of proceeds from a tower lease.

Note 12 – Compliance

Contrary to Ohio law, the Township did not account for self-insurance activity in an Internal Service Fund.

Note 13 – Management’s Plan to Address Deficit Self-Insurance Position

Jefferson Health Plan members that have a deficit reserve balance at their renewal receive a “supplemental” adjustment to their accrual rates for the next year. This supplemental increase amortizes the deficit over a period of time to allow for repayment of the deficit.

Danbury 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, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$160,350	\$1,761,562		\$1,921,912
Charges for Services		212,717		212,717
Licenses, Permits and Fees	86,932	6,029		92,961
Fines and Forfeitures		1,395		1,395
Intergovernmental	69,695	278,373		348,068
Special Assessments	287			287
Earnings on Investments	30,285	6,044		36,329
Miscellaneous	22,780	189,787		212,567
<i>Total Cash Receipts</i>	<u>370,329</u>	<u>2,455,907</u>		<u>2,826,236</u>
Cash Disbursements				
Current:				
General Government	335,511			335,511
Public Safety		2,036,616		2,036,616
Public Works	39,777	657,475		697,252
Health	56,121	4,852		60,973
Conservation-Recreation	7,743			7,743
Capital Outlay	9,140		\$67,246	76,386
<i>Total Cash Disbursements</i>	<u>448,292</u>	<u>2,698,943</u>	<u>67,246</u>	<u>3,214,481</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(77,963)</u>	<u>(243,036)</u>	<u>(67,246)</u>	<u>(388,245)</u>
Other Financing Receipts				
Other Debt Proceeds			\$67,246	67,246
<i>Net Change in Fund Cash Balances</i>	<u>(77,963)</u>	<u>(243,036)</u>		<u>(320,999)</u>
<i>Fund Cash Balances, January 1</i>	<u>203,968</u>	<u>2,856,954</u>		<u>3,060,922</u>
Fund Cash Balances, December 31				
Restricted		2,005,480		2,005,480
Committed		608,438		608,438
Assigned	105,176			105,176
Unassigned	20,829			20,829
<i>Fund Cash Balances, December 31</i>	<u>\$126,005</u>	<u>\$2,613,918</u>		<u>\$2,739,923</u>

See accompanying notes to the financial statements

Danbury Township
Ottawa 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 Danbury 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 road and bridge maintenance, cemetery maintenance, park operations, fire protection, emergency medical services and general government services.

Public Entity Risk Pools

The Township participates in two public entity risk pools. Note 6 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 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 Funds:

Police District Fund The police district fund receives property taxes, fines, intergovernmental receipts, and donations for providing police protection for the Township.

Fire & EMS Levy Fund The fire & EMS levy fund receives property taxes, donations, and charges for services from emergency medical services to be used for providing fire and emergency medical services.

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:

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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 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.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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, 2017 follows:

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$323,413	\$370,329	\$46,916
Special Revenue	2,114,314	2,455,907	341,593
Capital Projects		67,246	67,246
Total	<u>\$2,437,727</u>	<u>\$2,893,482</u>	<u>\$455,755</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$527,381	\$450,080	\$77,301
Special Revenue	4,971,269	2,708,348	2,262,921
Capital Projects	67,246	67,246	
Total	<u>\$5,565,896</u>	<u>\$3,225,674</u>	<u>\$2,340,222</u>

Note 4 – Deposits and Investments

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

	<u>2017</u>
Demand deposits	\$33,444
Other time deposits (savings account)	<u>807,870</u>
Total deposits	841,314
STAR Ohio	<u>1,898,609</u>
Total deposits and investments	<u>\$2,739,923</u>

Deposits

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

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Ohio Township Risk Management Authority

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$21,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>2017 Contributions to OTARMA</u>
\$47,930

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Ohio Public Entity Consortium Health Cooperative

The Township was previously a member of the Ohio Public Entity Consortium Health Cooperative (OPECHC), a risk-sharing pool, which provided employee health care benefits. As of December 31, 2017 OPECHC dissolved. As of January 1, 2018 the Township began participation in Jefferson Health Plan for health care benefits. At the time of this report, the Township is unable to determine the potential impact this closure may have. Any possible loss is not reasonably estimated currently.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's full-time certified police officers belong to the Ohio Public Employees Retirement System – Law Enforcement (OPERS-LE). Other employees belong to the Ohio Public Employees Retirement System – General (OPERS-G). 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.

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Ohio Revised Code also prescribes contribution rates. For 2017 OPERS-LE members contributed 13 percent of their gross salaries and the Township contributed an amount equaling 18.1 percent, of participants' gross salaries. OPERS-G 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, 2017.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2017 OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2017.

Social Security

Several Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 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 post-employment 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 – Debt

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>
Ohio Public Works Commission - Loan CE41T	<u>\$67,246</u>

The Township received a \$67,246 loan through the Ohio Public Works Commission (OPWC) in accordance with Ohio Rev. Code 164.05 for Quarry Road TR 218 improvements. The loan is interest free and will be repaid in semiannual installments of \$3,362 with the final payment in January 2028.

Amortization

Amortization of the above debt is scheduled as follows:

Danbury Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Year Ending December 31:	OPWC Loan CE41T
2018	\$3,362
2019	6,725
2020	6,725
2021	6,725
2022	6,725
2023-2027	33,622
2028	3,362
Total	<u>\$67,246</u>

Note 10 – Miscellaneous Revenue

Special Revenue Fund Type miscellaneous receipts consisted primarily of a donation from an estate.

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 ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Danbury Township
Ottawa County
5972 East Port Clinton Eastern Road
Marblehead, Ohio 43440-9782

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 Danbury Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated February 13, 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 Township has suffered recurring losses from self-insurance operations and has a net deficiency.

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.

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 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 2018-001 and 2018-003 described in the accompanying schedule of findings to be material weaknesses.

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 2018-002 described in the accompanying schedule of 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 findings as items 2018-002 and 2018-003.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings . We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

February 13, 2020

**DANBURY TOWNSHIP
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the financial statements for the year ended December 31, 2018 were identified:

- Special Revenue Fund Type restricted fund balance in the amount of \$596,940 was reclassified to committed in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179); and
- Agency Fund intergovernmental receipts and principal retirement disbursements were each increased in the amount of \$3,540 to properly account for activity related to the Township serving as the fiscal agent for a multi-project loan.

Also identified were the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2017:

- Special Revenue Fund Type restricted fund balance in the amount of \$608,438 was reclassified to committed in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179); and
- Capital Projects Fund Type other debt proceeds, capital outlay disbursements, and appropriation authority were each increased in the amount of \$67,246 in order to properly account for Ohio Public Works Commission Issue II activity.

These errors were not identified and corrected prior to the Township preparing its financial statements and notes the 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, 2018 and 2017.

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 Board of Trustees to help identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54: <http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

The Fiscal Officer can also refer to Auditor of State Bulletin 2002-004 at the following website address for information on how to account for Issue II money: <http://www.ohioauditor.gov/publications/bulletins/2002/2002-004.pdf>

**FINDING NUMBER 2018-001
(CONTINUED)**

Officials' Response:

Review and corrections will take place.

FINDING NUMBER 2018-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code § 5705.12 provides that, "in addition to the funds provided for by § 5705.09, § 5705.121, § 5705.13, and § 5705.131 of the Rev. Code, the taxing authority of a subdivision may establish, with the approval of and in the manner prescribed by the auditor of state, such other funds as are desirable, and may provide by ordinance or resolution that money derived from specified sources other than the general property tax shall be paid directly into such funds. The auditor of state shall consult with the tax commissioner before approving such funds."

In a previous year, the Township established a Zoning Fund. However, no resolution or ordinance could be provided to document the source and use of the fund, and there was no documentation found that proper authorization of this fund was given by the Auditor of State.

During 2017, the Zoning Fund was incorrectly accounted for as a Special Revenue Fund rather than being included in the General Fund (Beginning fund balance of \$12,686; receipts of \$25,925, disbursements of \$12,622; ending fund balance of \$25,989; budgeted receipts of \$19,500; and appropriation authority of \$32,186).

These errors are a result of inadequate policies and procedures over reviewing the financial statements and resulted in audit adjustments to the accompanying financial statements and notes to the financial statements to correct these errors.

To help ensure the Township's financial statements and notes to the 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 Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review Audit Bulletin 1999-006 at the following website address for information on obtaining authorization from the Auditor of State before any new funds, not provided by the sections listed above, are established:

<http://www.ohioauditor.gov/publications/bulletins/1999/1999-006.pdf>

Officials' Response:

Corrections were made during 2018.

FINDING NUMBER 2018-003

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 9.833 requires self-insured governments to establish a special fund to account for self-insurance activity. It also requires self-insured governments to calculate amounts required to cover health care benefit liabilities. Finally, it requires programs to prepare (or obtain) a report, reflecting reserves and the aggregate of disbursements made to pay self-insured claims, legal, and consultant costs during the preceding year. Management is responsible for establishing control and monitoring procedures over the financial reporting process to ensure all activity is properly included and accounted for.

The Township belongs to a "claims servicing pool" for their medical insurance, in which their activity is accounted for in separate accounts/funds, but the total "pool's" cash is pooled and invested. No risk is transferred to the "pool" under \$500,000. This is considered self-insured, and would require an Internal Service Fund.

The Township accounted for its medical self-insurance in the General and Special Revenue Fund Types as claims payments paid directly to Jefferson Health Plan. As a result of these errors, Internal Service Fund Type revenues and expenditures, including actual receipts and budgetary expenditures in the Budgetary Activity Note, were all understated in the amount of \$371,969.

Additionally, because the Township failed to account for this activity in an Internal Service Fund, the Township also failed to properly budget for this activity.

These errors were the result of inadequate policies and procedures in reviewing self-insurance activity. Failure to complete accurate financial statements could lead to the Board of Trustees making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

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 financial statements and notes to the financial statements by the Fiscal Officer and the Board of Trustees, to help identify and correct errors and omissions. Furthermore, the Fiscal Officer should review Audit Bulletin 2001-005 and 2011-008, to help ensure accurate self-insurance reporting.

Officials' Response:

Review and corrections will take place.

DANBURY TOWNSHIP

BOARD OF TRUSTEES

5972 Port Clinton Eastern Rd.

Marblehead, Ohio 43440

Members of Board

John Paul Dress
 David M. Hirt
 Dianne M. Rozak

Fiscal Officer

Carolyn Adams
 Phone: (419) 732-3039
 Fax: (419) 734-3137

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2018-001 in this report.	This matter was not corrected due to deficiencies in the Township's internal controls over financial reporting. Review and corrections will take place.
2016-002	Ohio Rev. Code § 5705.12 and significant deficiency for the failure to obtain permission to establish a fund.	Partially corrected and reissued as Finding 2018-002 in this report.	This matter was not corrected during 2017 due to timing issues. Corrections were made during 2018.

OHIO AUDITOR OF STATE KEITH FABER



DANBURY TOWNSHIP

OTTAWA 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 27, 2020**