



OHIO AUDITOR OF STATE  
**KEITH FABER**





**AMBOY TOWNSHIP  
FULTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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 .....	13
Notes to the Financial Statements - For the Year Ended December 31, 2018 .....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	21
Schedule of Findings .....	23

**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

Amboy Township  
Fulton County  
2650 County Road S  
P.O. Box 172  
Metamora, Ohio 43540-0172

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 Amboy Township, Fulton 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 Amboy Township, Fulton 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 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will 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 May 18 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

May 18, 2020

**This page intentionally left blank.**



**Amboy Township**  
*Fulton County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$53,870	\$204,661		\$258,531
Charges for Services		215,786		215,786
Licenses, Permits and Fees		150		150
Intergovernmental	27,431	153,352		180,783
Earnings on Investments	32,207	7,494		39,701
Miscellaneous	1,380	12,992		14,372
<i>Total Cash Receipts</i>	<u>114,888</u>	<u>594,435</u>		<u>709,323</u>
<b>Cash Disbursements</b>				
Current:				
General Government	75,989	31,336		107,325
Public Safety		278,980		278,980
Public Works	2,473	84,120		86,593
Health		19,892		19,892
Capital Outlay		80,000	\$259,188	339,188
Debt Service:				
Principal Retirement		11,907		11,907
Interest and Fiscal Charges		3,972		3,972
<i>Total Cash Disbursements</i>	<u>78,462</u>	<u>510,207</u>	<u>259,188</u>	<u>847,857</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>36,426</u>	<u>84,228</u>	<u>(259,188)</u>	<u>(138,534)</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets			67,500	67,500
Other Financing Sources			191,688	191,688
<i>Total Other Financing Receipts</i>			<u>259,188</u>	<u>259,188</u>
<i>Net Change in Fund Cash Balances</i>	36,426	84,228		120,654
<i>Fund Cash Balances, January 1</i>	<u>316,015</u>	<u>1,311,045</u>	<u>259,188</u>	<u>1,886,248</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		558,038		558,038
Committed		837,235	259,188	1,096,423
Assigned	352,440			352,440
Unassigned	1			1
<i>Fund Cash Balances, December 31</i>	<u>\$352,441</u>	<u>\$1,395,273</u>	<u>\$259,188</u>	<u>\$2,006,902</u>

See accompanying notes to the basic financial statements

**Amboy Township**  
*Fulton 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 the Amboy Township, Fulton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

***Public Entity Risk Pool***

The Township participates in Ohio Township Association Risk Management Authority plan which is a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Gasoline Tax Fund*** This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

***Fire Levy Fund*** This fund receives property tax money to provide fire protection services to residents of the Township.

***Ambulance EMS Service Fund*** The ambulance EMS service fund receives contract monies from Fulton County to provide fire and EMS services within the Township.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned 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:

**Capital Project Fund** The Township accumulated monies from the sale of a capital asset and loan proceeds which were used for the purchase of a fire truck.

***Basis of Accounting***

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

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

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. Appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 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.

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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

***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.

***Fund Balance***

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,875	\$114,888	\$38,013
Special Revenue	548,188	594,435	46,247
Capital Projects	259,188	259,188	
Total	\$884,251	\$968,511	\$84,260

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$382,522	\$78,462	\$304,060
Special Revenue	1,992,756	510,207	1,482,549
Capital Projects	259,188	259,188	
Total	\$2,634,466	\$847,857	\$1,786,609

**Note 4 – Deposits and Investments**

The Township maintains a deposits 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:

	2019
Demand deposits	\$274,525
STAR Plus	1,731,267
Total deposits	2,005,792
STAR Ohio	1,110
Total deposits and investments	\$2,006,902

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or pledged collateral by the financial institution to the Township.

At the December 31, 2019, \$47,095 of deposits were not insured or collateralized, contrary to Ohio law.

***Investments***

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

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

**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:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township 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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

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.

***Social Security***

One Township employee 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, 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	\$40,334	0%
Bank Loan	179,281	4.155%
Total	<u>\$219,615</u>	

The Township has an interest free loan from the Ohio Public Works Commission (OPWC) jointly with the Village of Metamora for road work done on County Road 2 within the Township.

The Township portion to pay is \$2,881 a year. The loan began in 2014 and will mature in 2034.

Contrary to Ohio law, the Township has a 4.155% loan from Metamora State Bank in Sylvania, Ohio, for the purchase of a fire truck for the Township.

The loan began in 2019 in the amount of \$191,188 for a term of 8 years. The loan is collateralized by a mortgage on the fire truck.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

---

Year Ending December 31:	OPWC Loan	Bank Loan	
	Principal	Principal	Interest
2020	\$2,881	\$24,561	\$7,197
2021	2,881	25,591	6,167
2022	2,881	26,666	5,092
2023	2,881	27,786	3,972
2024	2,881	28,952	2,806
2025-2029	14,405	45,724	1,913
2030-2034	12,965		
Total	<u>\$41,775</u>	<u>\$179,280</u>	<u>\$27,147</u>

**Note 10 – Subsequent Events**

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 ensuing emergency measures will impact subsequent periods of the Township. 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 11 – Compliance**

Contrary to Ohio Rev. Code §5705.10(F) the Township recorded the proceeds of the sale of a capital asset in the fire levy fund when they should have been recorded in a capital projects fund.



**Amboy Township**  
*Fulton County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$57,776	\$218,387	\$276,163
Charges for Services		215,787	215,787
Licenses, Permits and Fees		150	150
Intergovernmental	22,928	122,488	145,416
Earnings on Investments	24,494	4,966	29,460
Miscellaneous	1,082	32,112	33,194
<i>Total Cash Receipts</i>	<u>106,280</u>	<u>593,890</u>	<u>700,170</u>
<b>Cash Disbursements</b>			
Current:			
General Government	76,765	32,653	109,418
Public Safety		232,790	232,790
Public Works	2,494	48,565	51,059
Health		19,695	19,695
Capital Outlay		12,105	12,105
<i>Total Cash Disbursements</i>	<u>79,259</u>	<u>345,808</u>	<u>425,067</u>
<i>Net Change in Fund Cash Balances</i>	27,021	248,082	275,103
<i>Fund Cash Balances, January 1</i>	<u>288,994</u>	<u>1,322,151</u>	<u>1,611,145</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		788,998	788,998
Committed		781,235	781,235
Assigned	305,647		305,647
Unassigned	10,368		10,368
<i>Fund Cash Balances, December 31</i>	<u>\$316,015</u>	<u>\$1,570,233</u>	<u>\$1,886,248</u>

*See accompanying notes to the basic financial statements*

**Amboy Township**  
*Fulton 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 the Amboy Township, Fulton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

***Public Entity Risk Pool***

The Township participates in Ohio Township Association Risk Management Authority plan which is a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Fire Levy Fund*** This fund receives property tax money to provide fire protection services to residents of the Township.

***Fire and Rescue Ambulance EMS Service Fund*** The fire and rescue ambulance EMS service fund receives contract monies from Fulton County to provide fire and EMS services within the Township.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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. Appropriations lapse at year end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2018 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.

Investment in STAR Ohio is measured at the net assets 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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**Fund Balance**

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,100	\$106,280	\$31,180
Special Revenue	546,426	593,890	47,464
Total	\$621,526	\$700,170	\$78,644

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$364,093	\$79,259	\$284,834
Special Revenue	1,868,575	345,808	1,522,767
Total	\$2,232,668	\$425,067	\$1,807,601

**Note 4 – Deposits and Investments**

The Township maintains a deposits 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	\$193,422
STAR Plus	1,671,741
Total deposits	1,865,163
STAR Ohio	1,085
Total deposits and investments	\$1,866,248

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or pledged collateral 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.

**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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**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:

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township 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.

***Social Security***

One Township employee 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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**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 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.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan	<u>\$43,215</u>	0%

The Township has an interest free loan from the Ohio Public Works Commission (OPWC) jointly with the Village of Metamora for road work done on County Road 2 within the Township.

The Township portion to pay is \$2,881 a year. The loan began in 2014 and will mature in 2034.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC
2019	\$2,881
2020	2,881
2021	2,881
2022	2,881
2023	2,881
2024-2028	14,405
2029-2033	14,405
2034	1,441
Total	<u>\$44,656</u>

**Note 10 – Subsequent Events**

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 ensuing emergency measures will impact subsequent periods of the Township. 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.

**Amboy Township**  
*Fulton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(Continued)*

---

**Note 11 – Miscellaneous Revenue**

Special Revenue miscellaneous revenues consisted of payments from insurance proceeds, BWC refunds, OTARMA grant payments, and payment from Village of Metamora for their share of striping project.



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

Amboy Township  
Fulton County  
2650 County Road S  
P.O. Box 172  
Metamora, Ohio 43540-0172

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 Amboy Township, Fulton 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 May 18, 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 will 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 through 2019-003 to be material weaknesses.

***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 are described in the accompanying schedule of findings as items 2019-002 and 2019-003.

***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

May 18, 2020

**AMBOY TOWNSHIP  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2019-001**

**Material Weakness – Fund Balance Classification**

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

The following errors were identified for the years ended December 31, 2019 and 2018:

- In 2019, a portion of the General Fund balance was reclassified from unassigned to assigned in the amount of \$352,440 to properly reflect 2020 appropriations made that exceeded 2020 estimated receipts per GASB 54 guidance.
- In 2018, a portion of the General Fund balance was reclassified from unassigned to assigned in the amount of \$305,647 to properly reflect 2019 appropriations made that exceeded 2019 estimated receipts per GASB 54 guidance.
- The Township collected a property tax based on inside millage which the Trustees committed for road and bridge purposes in the Road and Bridge Fund. The balances of this fund were \$458,216 and \$402,216 at December 31, 2019 and 2018, respectively, were reported as restricted instead of committed in accordance with the GASB 54 guidance (as codified in GASB Cod. 1800.170).
- The Township received payments from Fulton County to cover the costs of providing emergency medical services (ems). The Trustees have committed monies to ems operation and maintenance within the Fire and Rescue Ambulance EMS Service Fund which had balances of \$370,724 and \$379,019 at December 31, 2019 and 2018, respectively, were reported as restricted instead of committed in accordance with the GASB 54 guidance (as codified in GASB Cod. 1800.170).

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.

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. In addition, the Fiscal Officer should also review Audit Bulletin 2011-004 for information on GASB Statement No. 54 to help ensure that all accounts are being properly posted to the financial statements.

## FINDING NUMBER 2019-002

### Noncompliance and Material Weakness

**Ohio Rev. Code Chapter 133 and 505** authorizes certain methods by which Townships may incur debt.

**Ohio Rev. Code § 133.22**, permits a subdivision to issue anticipatory-securities if it meets the requirements outlined in the statute.

**Ohio Rev. Code § 133.10** permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

**Ohio Rev. Code § 133.12** which allows a subdivision to issue general obligation securities to meet emergencies.

**Ohio Rev. Code § 133.14** which allows the issuance of securities for the purpose of providing funds with which to pay one or more final judgments rendered against the subdivision.

**Ohio Rev. Code § 133.15**, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

**Ohio Rev. Code § 133.151** which allows a township to issue self-supporting securities to pay for the costs of any permanent improvements.

**Ohio Rev. Code § 133.18**, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue. **Ohio Rev. Code § 505.262** which allows the board of township trustees to issue securities for the construction of buildings.

**Ohio Rev. Code § 5705.10**, requires all proceeds from the sale of public obligations to be paid into a special fund for the purpose of the issue.

During 2019, the Township obtained a promissory note and commercial loan from a local bank and made principal payments of \$11,906 to finance the purchase of a new fire truck in the amount of \$191,688. The proceeds were credited to the Fire Department Fund instead of a special fund for the purpose of the debt as required by Ohio Rev. Code § 5705.10. Given the source of the revenue, the loan should have been recorded in the Capital Projects fund. An adjustment is reflected in the financial statements and in the accounting records to correct the misstatement.

In addition, this type of debt does not meet the criteria for any of the debt allowed in Ohio Rev. Code Chapter 133 or Ohio Rev. Code § 505.262. Without a statutory provision authorizing these methods for incurring debt, the Township was not permitted to use such methods. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

**FINDING NUMBER 2019-003**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(F)**, requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

In 2019, the Township inappropriately recorded \$67,500 from the sale of a fire truck as Sale of Capital Assets in the Fire Department Fund and used the revenue toward for the purchase of a fire truck. Given the source of the revenue, this should have been recorded in the Capital Projects fund. An adjustment is reflected in the financial statements and in the accounting records to correct the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed and posted to the proper funds. Also, information is available regarding revenue postings in the Ohio Township Manual at the following website address: <https://www.ohioauditor.gov/trainings/lqoc/2018/Ohio%20Township%20Manual.pdf>

**Officials' Response:**

We did not receive a response from Officials to these findings.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**AMBOY TOWNSHIP**

**FULTON 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  
JUNE 9, 2020**