



Dave Yost • Auditor of State

**ASHTABULA TOWNSHIP
ASHTABULA 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, 2016	3
Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2016	4
Notes to the 2016 Financial Statements	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2015	13
Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2015	14
Notes to the 2015 Financial Statements	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Findings.....	25

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ashtabula Township
Ashtabula County
2718 N. Ridge Road East
Ashtabula, Ohio 44004

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 the Ashtabula Township, Ashtabula County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

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, 2016 and 2015, 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 the Ashtabula Township, Ashtabula County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 8, 2018

ASHTABULA TOWNSHIP
Ashtabula County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$57,375	\$1,850,520	\$0	\$1,907,895
Charges for Services		286,247		286,247
Licenses, Permits and Fees	47,934	59,921		107,855
Intergovernmental	136,977	1,184,633		1,321,610
Special Assessments		57,420		57,420
Earnings on Investments	2,684	63		2,747
Miscellaneous	19,994	110,328		130,322
<i>Total Cash Receipts</i>	<u>264,964</u>	<u>3,549,132</u>	<u>0</u>	<u>3,814,096</u>
Cash Disbursements				
Current:				
General Government	403,374			403,374
Public Safety		2,005,302		2,005,302
Public Works		823,993	24,331	848,324
Health		256,372		256,372
Conservation-Recreation	5,755			5,755
Capital Outlay		118,253	20,020	138,273
Debt Service:				
Principal Retirement		53,801		53,801
Interest and Fiscal Charges		13,363		13,363
<i>Total Cash Disbursements</i>	<u>409,129</u>	<u>3,271,084</u>	<u>44,351</u>	<u>3,724,564</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(144,165)</u>	<u>278,048</u>	<u>(44,351)</u>	<u>89,532</u>
<i>Net Change in Fund Cash Balances</i>	<u>(144,165)</u>	<u>278,048</u>	<u>(44,351)</u>	<u>89,532</u>
<i>Fund Cash Balances, January 1</i>	<u>237,497</u>	<u>1,351,457</u>	<u>45,411</u>	<u>1,634,365</u>
Fund Cash Balances, December 31				
Restricted		1,629,505	1,060	1,630,565
Assigned	93,332			93,332
<i>Fund Cash Balances, December 31</i>	<u>\$93,332</u>	<u>\$1,629,505</u>	<u>\$1,060</u>	<u>\$1,723,897</u>

See accompanying notes to the basic financial statements

ASHTABULA TOWNSHIP
Ashtabula County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	\$593
<i>Total Operating Cash Receipts</i>	593
Operating Cash Disbursements	
Supplies and Materials	\$1,508
<i>Total Operating Cash Disbursements</i>	1,508
<i>Operating Income (Loss)</i>	(915)
<i>Fund Cash Balances, January 1</i>	177,644
<i>Fund Cash Balances, December 31</i>	\$176,729

See accompanying notes to the basic financial statements

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ashtabula Township, Ashtabula 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 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types 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 other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Cemetery - The cemetery fund receives property tax money and fees to maintain the Townships three (3) cemeteries.

Fire Fund - The fire fund receives tax money for fire service and the purchase and maintenance of equipment.

Ambulance Fund - The ambulance fund receives billing fees for the emergency services and purchase and maintenance of equipment.

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

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

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 funds:

FEMA Fund - The Township received a grant from the federal government for fire department turn out gear. The proceeds are restricted for this purpose.

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's private purpose trust fund is for the benefit of certain individuals of the Township of Ashtabula.

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 (except certain agency funds) be budgeted annually.

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

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.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$282,364	\$264,964	(\$17,400)
Special Revenue	3,460,798	3,549,132	88,334
Capital Projects	75,000	0	(75,000)
Trust	1,000	593	(407)
Total	\$3,819,162	\$3,814,689	(\$4,473)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures*	Variance
General	\$521,231	\$410,695	\$110,536
Special Revenue	4,026,271	3,282,728	743,543
Capital Projects	120,411	44,351	76,060
Trust	3,643	1,508	2,135
Total	\$4,671,556	\$3,739,282	\$932,274

* includes encumbrances

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:

	2016
Demand deposits	\$1,205,775
Other time deposits (savings and NOW accounts)	694,851
Total deposits	1,900,626

Deposits/ Investments

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township or collateralized by the financial institution's public entity deposit pool.

Note 5 – Property Taxes

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

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 Pool Memberships

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, 2016, 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, 2016.

	<u>2016</u>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$24,000.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

2016 Contributions to OTARMA
\$54,527

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 – Healthcare Cooperative

The Township provides a limited medical, surgical, and prescription drug program for its full time employees through a public entity shared risk pool. The Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) contracts with the Jefferson Health Plan (JHP), formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for claims servicing. Contributions are paid by the Township to OPEC-HC. JHP contracts with Third Part Administrators to service the claims of OPEC-HC members. OPEC-HC covers claims up to \$150,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$150,000 and \$1,500,000. The Township also has a stop loss insurance policy through JHP, which covers individual claims in excess of \$1,500,000 per employee per year for medical claims.

OPEC-HC is a public entity shared risk pool. OPEC-HC's primary purpose and objective is establishing and carrying out a cost effective cooperative health program for its member organizations. OPEC-HC contracts with the JHP (formerly OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool comprised of 157 members. OPEC-HC's business and affairs are conducted by a 5 member Board of Directors elected from the assembly. OPEC-HC offers medical and prescription drug coverage to the members.

The Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) is a joint self-insurance cooperative as provided for in O.R.C. 9.833. It allows entities to come together to procure benefits and enjoy the advantages of cooperative purchasing. No entities claims are allocated individually, but rather risk and reward is spread across entire cooperative.

All OPEC-HC participants pay a monthly administration fee for fiscal services and third party administrative services.

OPEC-HC underwriting is through Burns Consulting and Findley Davies does the Actuary work, Gilmore, Jasion & Mahler does plan auditing. Claims are backed by Jefferson and also Sun Life, the re-insurance carrier.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

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

Ohio Police and Fire Retirement System

Township's 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% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease	\$361,199	3.22%

The Township entered a lease agreement to finance the purchase of a new fire truck for the Township Fire Department.

Amortization

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

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Year ending December 31:	Fire Truck Lease
2017	<u>\$67,164</u>
2018	67,164
2019	67,164
2020	67,164
2021-2022	<u>134,328</u>
Total	<u><u>\$402,984</u></u>

Note 10 – Subsequent Events

The governing board of the Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) has announced that the OPEC-HC self-insurance cooperative agreement will expire on January 1, 2018, and that OPEC-HC will become non-operational as of that date. The amount of the run-out claims payable for the Township for the period January 1, 2018 through June 30, 2018 was \$117,128 payable to New Asset Management, 37 West Bridge Street, Dublin, Ohio 43017.

Employee group medical insurance coverage is being provided to employees under a contract with Medical Mutual of Ohio for 2018.

ASHTABULA TOWNSHIP
Ashtabula County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$56,468	\$1,764,954	\$0	\$1,821,422
Charges for Services		265,007		265,007
Licenses, Permits and Fees	50,257	50,757		101,014
Intergovernmental	167,286	1,217,296		1,384,582
Special Assessments		51,727		51,727
Earnings on Investments	2,838	53		2,891
Miscellaneous	27,016	62,398		89,414
<i>Total Cash Receipts</i>	<u>303,865</u>	<u>3,412,192</u>	<u>0</u>	<u>3,716,057</u>
Cash Disbursements				
Current:				
General Government	329,715			329,715
Public Safety		2,041,145		2,041,145
Public Works	8,000	1,055,600		1,063,600
Health		314,824		314,824
Conservation-Recreation	2,164			2,164
Capital Outlay		490,292		490,292
<i>Total Cash Disbursements</i>	<u>339,879</u>	<u>3,901,861</u>	<u>0</u>	<u>4,241,740</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,014)</u>	<u>(489,669)</u>	<u>0</u>	<u>(525,683)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds		415,000		415,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>415,000</u>	<u>0</u>	<u>415,000</u>
<i>Net Change in Fund Cash Balances</i>	(36,014)	(74,669)	0	(110,683)
<i>Fund Cash Balances, January 1</i>	<u>273,511</u>	<u>1,426,126</u>	<u>45,411</u>	<u>1,745,048</u>
Fund Cash Balances, December 31				
Restricted		1,351,457	45,411	1,396,868
Unassigned (Deficit)	237,497			237,497
<i>Fund Cash Balances, December 31</i>	<u>\$237,497</u>	<u>\$1,351,457</u>	<u>\$45,411</u>	<u>\$1,634,365</u>

See accompanying notes to the basic financial statements

ASHTABULA TOWNSHIP
Ashtabula County, Ohio
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2015

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments (trust funds only)	\$920
<i>Total Operating Cash Receipts</i>	920
Operating Cash Disbursements	
Supplies and Materials	3,321
<i>Total Operating Cash Disbursements</i>	3,321
<i>Operating Income (Loss)</i>	(2,401)
<i>Fund Cash Balances, January 1</i>	180,045
<i>Fund Cash Balances, December 31</i>	\$177,644
<i>See accompanying notes to the basic financial statements</i>	

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ashtabula Township, Ashtabula 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 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types 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 other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Cemetery - The cemetery fund receives property tax money and fees to maintain the Townships three (3) cemeteries.

Fire Fund - The fire fund receives tax money for fire service and the purchase and maintenance of equipment.

Ambulance Fund - The ambulance fund receives billing fees for the emergency services and purchase and maintenance of equipment.

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

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

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 funds:

FEMA Fund - The Township received a grant from the federal government for fire department turn out gear. The proceeds are restricted for this purpose.

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's private purpose trust fund is for the benefit of certain individuals of the Township of Ashtabula.

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 (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 2015 budgetary activity appears in Note 3.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

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.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$298,631	\$303,865	\$5,234
Special Revenue	4,004,460	3,827,192	(177,268)
Capital Projects	75,000	0	(75,000)
Trust	2,500	920	(1,580)
Total	\$4,380,591	\$4,131,977	(\$248,614)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures*	Variance
General	\$507,190	\$339,879	\$167,311
Special Revenue	4,448,472	3,901,902	546,570
Capital Projects	45,411	0	45,411
Trust	7,545	3,321	4,224
Total	\$5,008,618	\$4,245,102	\$763,516

* includes encumbrances

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:

	2015
Demand deposits	\$1,118,568
Other time deposits (savings and NOW accounts)	693,441
Total deposits	1,812,009
Total deposits and investments	\$1,812,009

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township or collateralized by the financial institution's public entity deposit pool.

Note 5 – Property Taxes

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

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 Pool Memberships

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, 2015, 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, 2015.

	<u>2015</u>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793

At December 31, 2015, the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$27,000.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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>Contributions to OTARMA</u>
<u>2015</u>
\$51,665

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 – Healthcare Cooperative

The Township provides a limited medical, surgical, and prescription drug program for its full time employees through a public entity shared risk pool. The Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) contracts with the Jefferson Health Plan (JHP), formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), for claims servicing. Contributions are paid by the Township to OPEC-HC. JHP contracts with Third Part Administrators to service the claims of OPEC-HC members. OPEC-HC covers claims up to \$150,000 per individual. Plan participants also participate in a shared risk internal pool for individual claims between \$150,000 and \$1,500,000. The Township also has a stop loss insurance policy through JHP, which covers individual claims in excess of \$1,500,000 per employee per year for medical claims.

OPEC-HC is a public entity shared risk pool. OPEC-HC's primary purpose and objective is establishing and carrying out a cost effective cooperative health program for its member organizations. OPEC-HC contracts with the JHP (formerly OME-RESA), a risk sharing, claims servicing, and insurance purchasing pool comprised of 157 members. OPEC-HC's business and affairs are conducted by a 5 member Board of Directors elected from the assembly. OPEC-HC offers medical and prescription drug coverage to the members.

The Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) is a joint self-insurance cooperative as provided for in O.R.C. 9.833. It allows entities to come together to procure benefits and enjoy the advantages of cooperative purchasing. No entities claims are allocated individually, but rather risk and reward is spread across entire cooperative.

All OPEC-HC participants pay a monthly administration fee for fiscal services and third party administrative services.

OPEC-HC underwriting is through Burns Consulting and Findley Davies does the Actuary work, Gilmore, Jasion & Mahler does plan auditing. Claims are backed by Jefferson and also Sun Life, the re-insurance carrier.

Ashtabula Township
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10.00%, of their gross salaries and the Township contributed an amount equaling 14.00%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

Ohio Police and Fire Retirement System

Township's 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% of their wages. The Township contributed to OP&F an amount equal to 24.00% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2015.

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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Fire Truck Lease	\$415,000	3.22%

The Township entered a lease agreement to finance the purchase of a new fire truck for the Township Fire Department.

Amortization

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

Year ending December 31:	Fire Truck Lease
2016	\$67,164
2017	67,164
2018	67,164
2019	67,164
2020	67,164
2021-2022	134,325
Total	\$470,145

This Page Intentionally Left Blank



Dave Yost • Auditor of State

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

Ashtabula Township
Ashtabula County
2718 N. Ridge Road East
Ashtabula, Ohio 44004

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 the Ashtabula Township, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 8, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Township's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

June 8, 2018

**ASHTABULA TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

1. Financial Reporting Posting Errors

<i>Finding Number</i>	2016-001
-----------------------	----------

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

The following posting deficiencies were noted in the financial statements and the accounting records:

- 2015 on-behalf-of lease proceeds of \$415,000 for the purchase of a fire truck were not posted in the Fire fund, thus revenue was understated \$415,000, and capital outlay was understated by \$415,000.
- 2015 ambulance fund billing charges of \$152,020 were posted to licenses, permits, and fees instead of charges for services.
- 2016 ambulance fund billing charges of \$180,952 were posted to licenses, permits, and fees instead of charges for services.
- 2016 general fund JEDD revenue of \$10,285 was posted as a Special Item instead of intergovernmental revenue.
- A 2016 fire fund debt service payment of \$67,164 was posted as a Public Safety expenditure instead of principal retirement \$53,801 and interest and fiscal charges \$13,363.
- In 2016 General fund temporary appropriations and encumbrances of \$93,332 were posted as Unassigned fund balances instead of Assigned fund balances.

Additionally, Ohio Rev. Code § 5705.10 (D) provides that except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- February 2016 tangible personal property reimbursement revenue in the amount of \$88,000 was posted to the Cemetery fund instead of the Road and Bridge fund.

The Fiscal Officer posted adjustments to the Township's Financial Statements and where applicable, the accounting records.

**ASHTABULA TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(CONTINUED)**

<p>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
--

1. Financial Reporting Posting Errors (Continued)

<i>Finding Number</i>	2016-001
-----------------------	----------

Failure to accurately record revenues and expenditures to the proper funds and line items may result in misstatements to the financial statements. The lack of accurate record keeping could result in the Township expending money that is not available in a particular fund and may cause errors to go undetected.

We recommend the Fiscal Officer use the Ohio Township Handbook, the UAN Accounting Manual, and any other applicable guidance from the Auditor of State's Office as sources of information regarding the proper recording of transactions. Additionally, the Board of Trustees should review monthly financial reports and cash reconciliations from the Fiscal Officer for changes in anticipated revenue and for accuracy and completeness of expenditures and transfers. Discrepancies should be investigated and corrected in a timely manner.

Official's Response: As Fiscal Officer I have made the adjustments, and since two years ago enter all receipts in the system myself. The entries were of human nature and in my opinion done only as an error and by no means an intentional act to defraud any account or misrepresent any figures.

2. Overpayment of Trustees

<i>Finding Number</i>	2016-002
-----------------------	----------

NONCOMPLIANCE – FINDING FOR RECOVERY REPAID UNDER AUDIT

Ohio Rev. Code § 505.24(A)(8), as effective on September 29, 2011, provides that, in calendar year 2015, in a Township having a budget of more than three million five hundred thousand dollars (\$3,500,000) but not more than six million dollars (\$6,000,000), the annual compensation of the trustees shall be \$12,346. Article II, Section 20 of the Ohio Constitution prohibits changes to compensation during an official's term of office.

The Township's Certificate of Estimated Resources, as approved by the County Budget Commission, was \$5,711,139 in fiscal year 2015 and \$5,456,131 in fiscal year 2016, from January 1 through December 31.

Township trustees are entitled to receive the salary authorized by Ohio Rev. Code § 505.24 as effective on the date they began their term. Thus, the annual salaries of the Township trustees, who began new terms of office on January 1, 2014, should have been the salary provided in Ohio Rev. Code § 505.24, as effective September 29, 2011, totaling \$12,346. Payroll records indicated Trustees Bambi Paulchel and Stephen McClure were paid annual compensation in the amount of \$12,964, instead of \$12,346 for 2016, exceeding their authorized annual salary by \$618 each.

**ASHTABULA TOWNSHIP
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(CONTINUED)**

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

2. Overpayment of Trustees (Continued)

<i>Finding Number</i>	2016-002
-----------------------	----------

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustees Paulchel and McClure in the amount of \$618, each. The finding for recovery was fully repaid under audit. Trustees Paulchel and McClure each repaid \$618 to the Township's General Fund in December 2017, \$1,236 in total for the trustees.

Township officials should obtain the most current elected officials compensation charts, available online at www.ohiotownships.org, to ensure officials are compensated in accordance with the Ohio Revised Code.

Official's Response: We did not receive a response to this finding.

This page intentionally left blank.



Dave Yost • Auditor of State

ASHTABULA TOWNSHIP

ASHTABULA 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 28, 2018**