



Certified Public Accountants, A.C.

**FOWLER TOWNSHIP
TRUMBULL COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Marietta, OH 45750
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OHIO AUDITOR OF STATE KEITH FABER



Board of Trustees
Fowler Township
PO Box 174
Fowler, OH 44418

We have reviewed the *Independent Auditor's Report* of the Fowler Township, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Fowler Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 2, 2019

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FOWLER TOWNSHIP
TRUMBULL COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 2, 2018

Fowler Township
Trumbull County
226 Sodom Hutchings Rd.
Vienna, Ohio 44473

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 **Fowler Township**, Trumbull County, (the Township) as of and for the years ended December 31, 2017 and 2016.

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 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.

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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, 2017 and 2016, or 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 Fowler Township, Trumbull County as of December 31, 2017 and 2016, 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

The accompanying financial statements have been prepared assuming the Township will continue as a going concern. As discussed in Notes 12 and 13 to the financial statements, the Township's General Fund has a deficit fund balance as of December 31, 2017. These conditions raise substantial doubt about the Township's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 124,354	\$ 330,101	\$ -	\$ -	\$ 454,455
Charges for Services	-	71,577	-	-	71,577
Licenses, Permits and Fees	24,464	5,450	-	-	29,914
Fines and Forfeitures	944	-	-	-	944
Intergovernmental	55,155	178,685	-	-	233,840
Earnings on Investments	21	24	-	-	45
Miscellaneous	16,278	12,860	-	-	29,138
<i>Total Cash Receipts</i>	<u>221,216</u>	<u>598,697</u>	<u>-</u>	<u>-</u>	<u>819,913</u>
Cash Disbursements					
Current:					
General Government	231,684	-	-	-	231,684
Public Safety	-	358,692	-	-	358,692
Public Works	-	133,570	-	-	133,570
Health	-	4,820	-	-	4,820
Capital Outlay	-	79,999	-	-	79,999
<i>Total Cash Disbursements</i>	<u>231,684</u>	<u>577,081</u>	<u>-</u>	<u>-</u>	<u>808,765</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,468)</u>	<u>21,616</u>	<u>-</u>	<u>-</u>	<u>11,148</u>
Transfers In	-	5,000	-	-	5,000
Transfers Out	(5,000)	-	-	-	(5,000)
Advances In	3,000	46,200	-	-	49,200
Advances Out	(46,200)	(3,000)	-	-	(49,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(48,200)</u>	<u>48,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(58,668)</u>	<u>69,816</u>	<u>-</u>	<u>-</u>	<u>11,148</u>
<i>Fund Cash Balances, January 1</i>	<u>44,845</u>	<u>71,814</u>	<u>31</u>	<u>1,177</u>	<u>117,867</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	400	400
Restricted	-	141,630	31	777	142,438
Unassigned	(13,823)	-	-	-	(13,823)
<i>Fund Cash Balances, December 31</i>	<u>\$ (13,823)</u>	<u>\$ 141,630</u>	<u>\$ 31</u>	<u>\$ 1,177</u>	<u>\$ 129,015</u>

The notes to the financial statements are an integral part of this statement.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

Fowler Township, Trumbull County, Ohio (the Township), is a body politic and corporate established in 1899 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The primary government consists of all funds, departments, boards and agencies that are not legally separate of the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township also has Fire and Emergency Medical Services. Police protection is also provided by Fowler Township.

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool (OTARMA) and is associated with a related organization. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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:

Police District Fund This fund receives property tax money to pay for operations of the police protection services within the Township.

Fire District Fund This fund receives property tax money to pay for operations of the fire protection services within the Township.

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

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service fund:

General Bond (Note) Retirement – Fund was created for the loan of the construction of Butts House Museum, which is the new administration building for the Township.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Funds – These funds use its interest earnings for the general care and maintenance of cemetery plots.

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. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2017 budgetary activity appears in Note 4.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Fiscal Officer maintains all available funds of the Township in a checking and Money Market Savings Accounts.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 – Compliance

Contrary to Ohio law and in violation of ORC 5705.38, the Township did not approve permanent appropriations; therefore, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2017. Also contrary to Ohio law, at December 31, 2017, the General fund had a cash deficit balance of \$13,823.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 254,459	\$ 221,216	\$ (33,243)
Special Revenue	631,853	603,697	(28,156)
Total	\$ 886,312	\$ 824,913	\$ (61,399)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,275	\$ 236,684	\$ (231,409)
Special Revenue	10,551	577,081	(566,530)
Total	\$ 15,826	\$ 813,765	\$ (797,939)

Note 5 – Deposits and Investments

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2017 was as follows:

Demand deposits	2017 \$ 128,103
Other time deposits (savings accounts)	912
Total deposits	\$ 129,015

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 6 – 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.

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

Note 7 - Risk Management

Fowler Township is in a group rating plan for Workers' Compensation coverage. The Township pays the State Workers' Compensation System a premium based on a rate sheet provided. This rate is calculated based on the group rating and can also include the accident history and administrative costs, if material.

Risk Pool Membership

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

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

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

Casualty and Property Coverage

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

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

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Risk Management (Continued)

Risk Pool Membership (Continued)

Financial Position

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

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

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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

2017 Contributions to OTARMA
\$15,488

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.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty seven 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, 2017.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Postemployment Benefits

OPERS offers a 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 1 percent of the employer contribution to fund these benefits.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Transfers and Advances

During 2017, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (5,000)
Police District Fund	5,000	-
Total	<u>\$ 5,000</u>	<u>\$ (5,000)</u>

During 2017, the Township transferred money from the General Fund to the Police District for operating expenses. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2017, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General	\$ 3,000	\$ (46,200)
Police District	26,000	-
Fire District	3,000	(3,000)
Ambulance and Emergency Medical	17,200	-
Total	<u>\$ 49,200</u>	<u>\$ (49,200)</u>

During 2017, the Township approved advances from the General Fund to the Fire District, Police District and Emergency Medical Funds for operating expenses. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

Note 12 – Deficit Fund Balances

The Township had a deficit fund balance of \$13,823 in the General Fund as of December 31, 2017.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 13 – Going Concern

The Township expenses exceeded revenues for the General Fund during 2017.

While the Township is in a positive cash balance position overall, a significant portion of the cash is in the Special Revenue Funds. The use of these funds is limited either by statute, levy ballot language or debt covenant agreement and therefore, the Township is not permitted to use these monies to remedy the deficit balances.

The Board of Trustees is looking into new and enforcing policies regarding expenditure, internal controls, vendor selection, grants, outstanding receivables reviews, etc. to remedy the situation.

The Auditor of State has various remedies available to it, the most severe of which include placing the Township on fiscal watch or fiscal emergency.

The accompanying financial statements do not include any adjustments that might be necessary if the Township is unable to continue as a going concern.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**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	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 124,645	\$ 140,457	\$ -	\$ -	\$ 265,102
Charges for Services	-	62,444	-	-	62,444
Licenses, Permits and Fees	22,232	6,600	-	-	28,832
Fines and Forfeitures	919	-	-	-	919
Intergovernmental	56,296	186,928	-	-	243,224
Earnings on Investments	11	18	-	-	29
Miscellaneous	8,169	4,554	-	-	12,723
<i>Total Cash Receipts</i>	<u>212,272</u>	<u>401,001</u>	<u>-</u>	<u>-</u>	<u>613,273</u>
Cash Disbursements					
Current:					
General Government	237,992	-	-	-	237,992
Public Safety	-	279,692	-	-	279,692
Public Works	-	127,200	-	-	127,200
Health	-	9,531	-	-	9,531
<i>Total Cash Disbursements</i>	<u>237,992</u>	<u>416,423</u>	<u>-</u>	<u>-</u>	<u>654,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,720)</u>	<u>(15,422)</u>	<u>-</u>	<u>-</u>	<u>(41,142)</u>
Other Financing Receipts & Disbursements					
Transfers In	-	10,000	-	-	10,000
Transfers Out	(10,000)	-	-	-	(10,000)
Advances In	122,100	75,000	-	-	197,100
Advances Out	(75,000)	(122,100)	-	-	(197,100)
Other Financing Sources	500	-	-	-	500
<i>Total Other Financing Receipts & Disbursements</i>	<u>37,600</u>	<u>(37,100)</u>	<u>-</u>	<u>-</u>	<u>500</u>
<i>Net Change in Fund Cash Balances</i>	11,880	(52,522)	-	-	(40,642)
<i>Fund Cash Balances, January 1</i>	<u>32,965</u>	<u>124,336</u>	<u>31</u>	<u>1,177</u>	<u>158,509</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	400	400
Restricted	-	71,814	31	777	72,622
Unassigned	44,845	-	-	-	44,845
<i>Fund Cash Balances, December 31</i>	<u>\$ 44,845</u>	<u>\$ 71,814</u>	<u>\$ 31</u>	<u>\$ 1,177</u>	<u>\$ 117,867</u>

The notes to the financial statements are an integral part of this statement.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

Fowler Township, Trumbull County, Ohio (the Township), is a body politic and corporate established in 1899 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The primary government consists of all funds, departments, boards and agencies that are not legally separate of the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township also has Fire and Emergency Medical Services. Police protection is also provided by Fowler Township.

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in a public entity risk pool (OTARMA) and is associated with a related organization. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

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:

Police District Fund This fund receives property tax money to pay for operations of the police protection services within the Township.

Fire District Fund This fund receives property tax money to pay for operations of the fire protection services within the Township.

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

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service fund:

General Bond (Note) Retirement – Fund was created for the loan of the construction of Butts House Museum, which is the new administration building for the Township.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Funds – These funds use its interest earnings for the general care and maintenance of cemetery plots.

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. 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 4.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Fiscal Officer maintains all available funds of the Township in Checking and Money Market Savings Accounts.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Fire District, Police District and Ambulance and EMS funds for the year ended December 31, 2016.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 210,761	\$ 212,772	\$ 2,011
Special Revenue	363,101	411,001	47,900
Total	\$ 573,862	\$ 623,773	\$ 49,911

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 240,693	\$ 247,992	\$ (7,299)
Special Revenue	414,839	416,423	(1,584)
Total	\$ 655,532	\$ 664,415	\$ (8,883)

Note 5 – 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, 2016 was as follows:

	2016
Demand deposits	\$ 116,955
Other time deposits (savings accounts)	912
Total deposits	\$ 117,867

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 6 – 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.

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

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 7 - Risk Management

Fowler Township is in a group rating plan for Workers' Compensation coverage. The Township pays the State Workers' Compensation System a premium based on a rate sheet provided. This rate is calculated based on the group rating and can also include the accident history and administrative costs, if material.

Risk Pool Membership

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.

	2016
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 \$7,000.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 7 - Risk Management (Continued)

Risk Pool Membership (Continued)

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

\$15,097

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.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty seven 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.

Note 9 – Postemployment Benefits

OPERS offers a 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.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

FOWLER TOWNSHIP
TRUMBULL COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 11 – Transfers and Advances

During 2016, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (10,000)
Police District Fund	10,000	-
Total	<u>\$ 10,000</u>	<u>\$ (10,000)</u>

During 2016, the Township transferred money from the General Fund to the Police District Fund for operating expenses. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2016, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 122,100	\$ (75,000)
Road and Bridge Fund	8,000	(22,500)
Police District Fund	45,500	(65,500)
Fire District	14,000	(25,100)
Ambulance and Emergency Medical Fund	7,500	(9,000)
Total	<u>\$ 197,100</u>	<u>\$ (197,100)</u>

During 2016, the Township approved advances from the General Fund to the Road and Bridge Fund, Police District Fund, Fire District Fund and Ambulance and Emergency Medical Fund for operating expenses. All advances were paid back at the end of 2016 to the General Fund. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

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

July 2, 2018

Fowler Township
Trumbull County
2266 Sodom Hutchings Rd
Vienna, Ohio 44473

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 **Fowler Township**, Trumbull County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated July 2, 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 wherein we also noted the Township has suffered recurring negative fund balances and will continue as a going concern.

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 opinion 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 audit findings that we consider material weaknesses. We consider findings 2017-001 through 2017-005 to be material weaknesses.

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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 audit findings as items 2017-002 through 2017-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 2, 2018.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

FOWLER TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Material Weakness

Financial Reporting

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting.

During 2017 and 2016, receipts and fund balances were not always posted or classified correctly and footnote disclosures were not always accurate. The following errors were noted:

- Fund balances for the Permanent Funds were misclassified as Restricted instead of Nonspendable and Restricted in 2017 and 2016.
- Property tax rollback receipts were improperly recorded entirely to the General and Fire District Funds instead of the General, Road and Bridge, Fire District and Police District.
- The Township improperly filed a combination of regulatory basis and OCBOA basis footnotes; however, filed regulatory basis financial statements. The footnotes included information not necessary and excluded required information for the regulatory basis.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Township has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances. The Fiscal Officer should also ensure footnote disclosures are accurately reported and reference the most up to date footnote shell from the Auditor of State's website.

Management's Response – Officials did not provide a response to the above finding.

FINDING NUMBER 2017-002

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.14 provides, in part, that other than exceptions (A) through (I) noted in the section, no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise. Furthermore, except in the case of a transfer from the General Fund to any other fund of the subdivision as noted in § 5705.14(E), transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

FOWLER TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-002

Material Weakness/Noncompliance (Continued)

Furthermore, Ohio Rev. Code § 5705.15 provides that in addition to the transfers authorized in section 5705.14 of the Revised Code, the taxing authority of any political subdivision may, in the manner provided in this section and section 5705.16 of the Revised Code, transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

During 2017 the Township had a transfer from the Fire District Fund to the General Fund that did not meet any of the above noted exceptions and was an unallowable transfer. An adjustment to reverse the transfer is reflected in the financial statements. The Township has also posted an adjustment to their accounting system to reflect this adjustment.

We recommend the Township closely monitor transfers of monies to ensure they meet one of the exceptions noted in Rev. Code § 5705.14.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-003

Material Weakness/Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2017, we noted that the Township did not approve permanent appropriations therefore, expenditures exceeded appropriations in all funds.

In 2016, we noted expenditures exceeding appropriations in the General, Fire District, Police District and Ambulance & EMS funds.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the Township encountering deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Management's Response – We did not receive a response from officials to this finding.

FOWLER TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-004

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Township did not file a 2017 annual appropriation resolution with the County Budget Commission.

We recommend the Township ensures its annual appropriation resolution is passed in a timely manner.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2017-005

Material Weakness/Noncompliance

Ohio Rev. Code Section 5705.10 (I) requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Township had a negative fund balance at December 31, 2017 as follows:

<u>Fund</u>	<u>Deficit</u>
General	(\$13,823)

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Management's Response – We did not receive a response from officials to this finding.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Revised Code, 5705.41(B)	Not Corrected	Repeated as Finding 2017-003
2015-002	26 USCS Sections 3102 and 3402 – Properly withholding Federal Taxes	Fully corrected	Finding No Longer Valid
2015-003	Posting Receipts, Disbursements and Fund Balance Classifications	Not Corrected	Repeated as Finding 2017-001

OHIO AUDITOR OF STATE KEITH FABER



FOWLER TOWNSHIP

TRUMBULL 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
APRIL 16, 2019**