

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569



Certified Public Accountants, A.C.

**FOWLER TOWNSHIP
TRUMBULL COUNTY
Regular Audit
For The Years Ended June 30, 2015 and 2014**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Fowler Township
2266 Sodom Hutchings Road
Vienna, Ohio 44473

We have reviewed the *Independent Auditor's Report* of Fowler Township, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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. Fowler Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 14, 2016

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FOWLER TOWNSHIP
TRUMBULL COUNTY

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Independent Auditor's Report

June 10, 2016

Fowler Township
Trumbull County
2266 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, 2015 and 2014.

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 1B 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, 2015 and 2014, 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 combined cash balances of Fowler Township, Trumbull County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, 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.



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

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 128,016	\$ 147,732	\$ -	\$ -	\$ -	\$ 275,748
Charges for Services	-	53,703	-	-	-	53,703
Licenses, Permits and Fees	10,860	5,607	-	-	-	16,467
Fines and Forfeitures	925	-	-	-	-	925
Intergovernmental	53,735	165,745	53,493	-	-	272,973
Earnings on Investments	14	21	-	-	-	35
Miscellaneous	29,677	7,509	-	-	-	37,186
<i>Total Cash Receipts</i>	<u>223,227</u>	<u>380,317</u>	<u>53,493</u>	<u>-</u>	<u>-</u>	<u>657,037</u>
Cash Disbursements						
Current:						
General Government	217,389	-	-	-	-	217,389
Public Safety	-	246,823	-	-	-	246,823
Public Works	-	148,502	-	-	-	148,502
Health	-	4,505	-	-	-	4,505
Capital Outlay	-	-	53,493	-	-	53,493
<i>Total Cash Disbursements</i>	<u>217,389</u>	<u>399,830</u>	<u>53,493</u>	<u>-</u>	<u>-</u>	<u>670,712</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,838</u>	<u>(19,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,675)</u>
Other Financing Receipts (Disbursements)						
Transfers In	-	22,000	-	-	-	22,000
Transfers Out	(22,000)	-	-	-	-	(22,000)
Advances In	33,000	33,000	-	-	-	66,000
Advances Out	(33,000)	(33,000)	-	-	-	(66,000)
Other Financing Sources	10,912	-	-	-	-	10,912
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,088)</u>	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,912</u>
<i>Net Change in Fund Cash Balances</i>	<u>(5,250)</u>	<u>2,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,763)</u>
<i>Fund Cash Balances, January 1</i>	<u>38,215</u>	<u>121,849</u>	<u>-</u>	<u>31</u>	<u>1,177</u>	<u>161,272</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	400	400
Restricted	-	124,336	-	31	777	125,144
Assigned	2,568	-	-	-	-	2,568
Unassigned	30,397	-	-	-	-	30,397
<i>Fund Cash Balances, December 31</i>	<u>\$ 32,965</u>	<u>\$ 124,336</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 1,177</u>	<u>\$ 158,509</u>

The accompanying notes are an integral part of the Financial Statements.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 118,811	\$ 136,449	\$ -	\$ -	\$ 255,260
Charges for Services	-	53,727	-	-	53,727
Licenses, Permits and Fees	11,334	5,925	-	-	17,259
Fines and Forfeitures	965	-	-	-	965
Intergovernmental	45,626	178,195	-	-	223,821
Earnings on Investments	17	24	-	-	41
Miscellaneous	22,619	3,760	-	-	26,379
<i>Total Cash Receipts</i>	<u>199,372</u>	<u>378,080</u>	<u>-</u>	<u>-</u>	<u>577,452</u>
Cash Disbursements					
Current:					
General Government	239,065	475	-	-	239,540
Public Safety	221	265,480	-	-	265,701
Public Works	122	120,741	-	-	120,863
Health	-	12,548	-	-	12,548
<i>Total Cash Disbursements</i>	<u>239,408</u>	<u>399,244</u>	<u>-</u>	<u>-</u>	<u>638,652</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(40,036)</u>	<u>(21,164)</u>	<u>-</u>	<u>-</u>	<u>(61,200)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	5,700	-	-	5,700
Transfers Out	(5,700)	-	-	-	(5,700)
Advances In	10,359	10,359	-	-	20,718
Advances Out	(10,359)	(10,359)	-	-	(20,718)
Other Financing Sources	11,232	-	-	-	11,232
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,532</u>	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>11,232</u>
<i>Net Change in Fund Cash Balances</i>	<u>(34,504)</u>	<u>(15,464)</u>	<u>-</u>	<u>-</u>	<u>(49,968)</u>
<i>Fund Cash Balances, January 1</i>	<u>72,719</u>	<u>137,313</u>	<u>31</u>	<u>1,177</u>	<u>213,697</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	400	400
Restricted	-	121,849	31	777	122,657
Assigned	2,215	-	-	-	2,215
Unassigned	36,000	-	-	-	36,000
<i>Fund Cash Balances, December 31</i>	<u>\$ 38,215</u>	<u>\$ 121,849</u>	<u>\$ 31</u>	<u>\$ 1,177</u>	<u>\$ 161,272</u>

The accompanying notes are an integral part of the Financial Statements.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Fowler Township, Trumbull 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, police protection, fire protection and emergency medical services.

The Township participates in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The organization is a:

Public Entity Risk Pool:

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.

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

B. Accounting Basis

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.

C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

2. 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.

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

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

4. 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 projects funds:

Issue II Fund: The Township received a grant from the State of Ohio for road improvements.

5. 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.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. 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 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amends 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.

4. 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.

5. 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.

G. Property, Plant and Equipment

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

H. 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.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED 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	2014
Demand Deposits	\$ 157,598	\$ 160,360
Total Deposits	157,598	160,360
Savings	911	911
Total Investments	911	911
Total Deposits and Investments	\$ 158,509	\$ 161,272

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 215,178	\$ 234,139	\$ 18,961
Special Revenue	385,339	402,317	16,978
Capital Projects	53,493	53,493	-
Total	\$ 600,517	\$ 636,456	\$ 35,939

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 245,724	\$ 239,389	\$ 6,335
Special Revenue	429,862	399,830	30,032
Capital Projects	-	53,493	(53,493)
Total	\$ 675,586	\$ 639,219	\$ 36,367

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 238,664	\$ 210,604	\$ (28,060)
Special Revenue	360,691	383,780	23,089
Permanent	4	-	(4)
Total	\$ 599,355	\$ 594,384	\$ (4,971)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 259,239	\$ 247,967	\$ 11,272
Special Revenue	404,377	399,244	5,133
Total	\$ 663,616	\$ 647,211	\$ 16,405

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Cemetery Fund by \$781, Fire District Fund by \$2,305, Ambulance and Emergency Fund by \$4,299 and Capital Projects Fund by \$53,493 for the year ended December 31, 2015. Expenditures exceeded appropriation in the Motor Vehicle License Fun by \$4,078, Road and Bridge Fund by \$614, Zoning Fund by \$475 and Ambulance and Emergency Fund by \$16,566 for the year ended December 31, 2014.

4. PROPERTY TAX

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.

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Township contributed an amount equaling 14.0% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT

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 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,864,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$8,000.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT (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.

<u>Contributions to OTARMA</u>	
<u>2014</u>	<u>2015</u>
\$15,415	\$15,763

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.

7. 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.

8. TRANSFER AND ADVANCES

During 2014, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ (5,700)
Road and Bridge Fund	5,700	-
Total	\$ 5,700	\$ (5,700)

During 2014, the Township transferred money from the General Fund to the Road and Bridge Fund for operating expenses. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2014, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General	\$ 10,359	\$ (10,359)
Fire District	10,359	(10,359)
Total	\$ 20,718	\$ (20,718)

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

8. TRANSFERS AND ADVANCES (Continued)

During 2014, the Township approved advances from the General Fund to the Fire District Fund for operating expenses. All advances were paid back at the end of 2014 to the General Fund. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2015, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (22,000)
Road and Bridge	5,000	-
Fire District	11,000	-
Ambulance and EMS	6,000	-
Total	<u>\$ 22,000</u>	<u>\$ (22,000)</u>

During 2015, the Township transferred money from the General Fund to the Fire District, Road and Bridge and Ambulance and EMS Funds to cover operating expenses. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2015, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
General	\$ 33,000	\$ (33,000)
Road and Bridge	7,000	(7,000)
Fire District	8,000	(8,000)
Police District	15,000	(15,000)
Ambulance and EMS	3,000	(3,000)
Total	<u>\$ 66,000</u>	<u>\$ (66,000)</u>

During 2015, the Township approved advances from the General Fund to the Road and Bridge, Fire District, Police District and the Ambulance and EMS Funds for operating expenses. All advances were paid back at the end of 2015 to the General Fund. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

June 10, 2016

Fowler Township
Trumbull County
2266 Sodom Hutchings Rd.
Vienna, OH 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, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 10, 2016 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-002 and 2015-003 to be material weaknesses.

...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •

• Association of Certified Anti - Money Laundering Specialists •

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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* as findings 2015-001 and 2015-002.

We did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 10, 2016.

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, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2014, we noted expenditures exceeding appropriations in the Motor Vehicle License, Road and Bridge, Zoning and Ambulance and Emergency Funds. In 2015, we noted expenditures exceeding appropriations in the Cemetery, Fire District, Ambulance and Emergency Funds and Capital Projects Fund.

We recommend the Fiscal Officer review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

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

FINDING NUMBER 2015-002

Noncompliance/ Material Weakness

26 USCS Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these withholdings.

The Township properly withheld Federal income taxes, however, failed to make payments in a timely manner. A summary is as follows:

- At December 31, 2015, the Township owed the Internal Revenue Service (IRS) \$867, for federal taxes withheld during the second quarter of 2014 and first quarter 2015. Payment of these taxes had not been made as of December 31, 2015.

In addition, we noted the Township accumulated and/or paid the following related fees:

- \$323 for failure to make a timely payment for tax periods July 31, 2014. This amount has been paid and the Township is making current payments on a timely basis.

Failure to remit withholding payments in a timely manner could result in further late fees and penalties assessed to the Township.

The Fiscal Officer has asserted the Township is currently up-to-date with payroll tax obligations.

We recommend the Township promptly pay taxes that are withheld to avoid any future penalties and interest that may be imposed on the Township.

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, 2015 AND 2014**

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

FINDING NUMBER 2015-003

Material Weakness

Posting Receipts, Disbursements and Fund Balance Classification

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54.

During 2015 and 2014, receipts, disbursements and fund balances were not always classified correctly. The following errors were noted:

- Fund balances for the Permanent Fund were misclassified as Nonspendable instead of Nonspendable and Restricted in 2015 and 2014.
- Grant receipt in Capital Projects Fund improperly recorded as Transfer In instead of Intergovernmental receipt.
- End of year encumbrances in the General Fund should be classified as Assigned instead of Unassigned.
- Property tax rollback receipts were improperly recorded entirely to the General Fund instead of the General, Road and Bridge, Fire District and Police District.
- During 2015 and 2014, various transfers and advances were incorrectly posted.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring 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 Ohio Administrative Code and/or 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 Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

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



Dave Yost • Auditor of State

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
SEPTEMBER 27, 2016**