



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FOWLER TOWNSHIP  
TRUMBULL COUNTY  
DECEMBER 31, 2023 and 2022**

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# OHIO AUDITOR OF STATE KEITH FABER

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## INDEPENDENT AUDITOR'S REPORT

Fowler Township  
Trumbull County  
PO Box 174  
Fowler, Ohio 44418

To the Board of Trustees:

### Report on the Audit of the Financial Statements

#### ***Qualified and Adverse Opinions***

We have audited the financial statements of the Fowler Township, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund types of and for the year ended December 31, 2023 and 2022, and the related notes of the Fowler Township, Trumbull County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical

responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and qualified audit opinions.

### ***Basis for Qualified Opinion on Regulatory Basis of Accounting***

Charges for services revenues, include amounts collected by a third party administrator for emergency medical service (EMS) billing and collections agency, of \$63,188 and \$53,361 which is 7.9% and 5.8% respectively of the Special Revenue fund type total revenues for the years ended December 31, 2023 and 2022 respectively. The third party administrator did not provide the Township with information regarding the design or proper operation of its internal controls for 2023 and 2022. We are therefore unable to satisfy ourselves as to the proper EMS billing and collection and could not satisfy ourselves as to the completeness of the billing and collection through additional substantive procedures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2025

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FOWLER TOWNSHIP, TRUMBULL COUNTY

**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>(Memorandum)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$140,991	\$417,325	\$0	\$0	\$558,316
Charges for Services		63,188			63,188
Licenses, Permits and Fees	27,345	8,031			35,376
Fines and Forfeitures	105				105
Intergovernmental	63,686	296,622			360,308
Special Assessments	869	0			869
Earnings on Investments	284	137			421
Miscellaneous	45,745	14,752			60,497
<b>Total Cash Receipts</b>	<u>279,025</u>	<u>800,055</u>			<u>1,079,080</u>
<b>Cash Disbursements</b>					
Current:					
General Government	249,689				249,689
Public Safety		596,075			596,075
Public Works		118,777			118,777
Health		2,931			2,931
Human Services		57,734			57,734
Capital Outlay		79,773			79,773
<b>Total Cash Disbursements</b>	<u>249,689</u>	<u>855,290</u>			<u>1,104,979</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>29,336</u>	<u>(55,235)</u>			<u>(25,899)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	1,492				1,492
Other Financing Uses	(100)				(100)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>1,392</u>				<u>1,392</u>
<b>Net Change in Fund Cash Balances</b>	30,728	(55,235)			(24,507)
<b>Fund Cash Balances, January 1</b>	<u>\$283,426</u>	<u>\$1,741,697</u>	<u>\$31</u>	<u>\$1,177</u>	<u>\$2,026,331</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$314,154</u></u>	<u><u>\$1,686,462</u></u>	<u><u>\$31</u></u>	<u><u>\$1,177</u></u>	<u><u>\$2,001,824</u></u>

See accompanying notes to the financial statements

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

**Road and Bridge Fund** This fund accounts for and reports property tax committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**Fowler Township**  
*Trumbull County*  
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***Cemetery Fund*** This fund accounts for money received for the sale of cemetery lots, along with charges for services provided such as opening and closing of graves, and fees for installation of foundations for monument stones.

***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.

***Ambulance and Emergency Medical Services Fund*** This fund receives monies for services rendered after billing of healthcare provider and patient payments are received.

***Coronavirus Relief Fund ARP*** This fund received a deposit of federal funding.

***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. The Township currently has no debt.

***General Bond (Note) Retirement*** This fund was created for the loan to purchase and remodel the Butts House Museum and Fowler Township Administration offices. This note was paid off slightly early, leaving a balance of \$30.58.

***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*** Dugan Bequest Fund, Barton Bequest Fund and Taylor Bequest Funds use interest earnings for general care or maintenance of private cemetery lots or monument stones. These funds were established in the late 1800's or early 1900's. Fowler Township does not have documentation of the starting amounts.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***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 re-appropriated.

A summary of 2023 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township Fiscal Officer maintains all available funds of the Township in checking and 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. For regulatory purposes, nonspendable fund balance

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 follows:

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$243,044	\$280,517	\$37,473
Special Revenue	644,141	800,055	155,914
Total	<u>\$887,185</u>	<u>\$1,080,572</u>	<u>\$193,387</u>

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$253,057	(\$253,057)
Special Revenue	0	869,753	(869,753)
Total	\$0	\$1,122,810	(\$1,122,810)

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the General Fund and all Special Revenue fund types as indicated above.

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,000,913
Other time deposits (savings and NOW accounts)	911
Total deposits	<u>2,001,824</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. On December 31, 2023, the Township is holding \$17,730.56 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the replacement of all public monies deposited in the financial institution.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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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 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the township's policy. The pool covers the following risks:

- \*General liability and casualty
- \*Public official's liability
- \*Cyber
- \*Law enforcement liability
- \*Automobile liability
- \*Vehicles
- \* Property
- \*Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Cash investments	\$33,494,457
Actuarial liabilities	\$10,885,549

During 2023, the Township made payment of \$18,222.00 to OTARMA. As part of the 2023 Capital Distribution, and anniversary agreement, a refund in the amount of \$984.57 was received, making the total premium \$17,237.43.

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2023</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Public Safety</i>	<i>2014-2023</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2023</i>	<i>13.00%</i>	<i>18.10%</i>

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2023. The portion of



**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2023 and OP&F was .05%.

**Note 9 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the un-expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:						
Unclaimed Monies	\$87					\$87
Corpus					400	400
Outstanding Encumbrances	3,268	14,463				17,731
Total	<u>\$3,355</u>	<u>\$911</u>	<u>\$0</u>	<u>\$0</u>	<u>\$400</u>	<u>\$18,218</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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FOWLER TOWNSHIP, TRUMBULL COUNTY  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>(Memorandum)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$137,364	\$431,694	\$0	\$0	\$586,626
Charges for Services		53,361			53,361
Licenses, Permits and Fees	28,133	5,050			33,183
Fines and Forfeitures	120				120
Intergovernmental	66,971	339,395			388,798
Earnings on Investments	204	154			358
Miscellaneous	43,784	87,232			131,016
<i>Total Cash Receipts</i>	<u>276,576</u>	<u>916,886</u>			<u>1,193,462</u>
<b>Cash Disbursements</b>					
Current:					
General Government	195,686				195,686
Public Safety		353,043			353,043
Public Works		113,155			113,155
Health		373			373
Human Services		20,689			20,689
<i>Total Cash Disbursements</i>	<u>195,686</u>	<u>487,260</u>			<u>682,946</u>
<i>Excess of Receipts Over Disbursements</i>	<u>80,890</u>	<u>429,626</u>			<u>510,516</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In		2,499			2,499
Transfers Out	(2,499)				(2,499)
Other Financing Sources	6,174				6,174
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,675</u>	<u>2,499</u>			<u>6,174</u>
<i>Net Change in Fund Cash Balances</i>	<u>84,565</u>	<u>432,125</u>			<u>516,690</u>
<i>Fund Cash Balances, January 1</i>	<u>\$198,774</u>	<u>\$1,309,572</u>	<u>\$31</u>	<u>\$1,177</u>	<u>\$1,509,554</u>
<i>Fund Cash Balances, December 31</i>	<u>\$283,339</u>	<u>\$1,741,697</u>	<u>\$31</u>	<u>\$1,177</u>	<u>\$2,026,244</u>

See accompanying notes to the financial statements

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***Road and Bridge Fund*** This fund accounts for and reports property tax committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Cemetery Fund*** This fund accounts for money received for the sale of cemetery lots, along with charges for services provided such as opening and closing of graves, and fees for installation of foundations for monument stones.

***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.

***Ambulance and Emergency Medical Services Fund*** This fund receives monies for services rendered after billing of healthcare provider and patient payments are received.

***Coronavirus Relief Fund ARP*** This fund receives deposits of Federal funding..

***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 Funds: The Township currently has no debt.

***General Bond (Note) Retirement*** This fund was created for the loan to purchase and remodel the Butts House Museum and Fowler Township Administration offices. This note was paid off slightly early, leaving a balance of \$30.58 balance.

***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*** Dugan Bequest Fund, Barton Bequest Fund and Taylor Bequest Funds use interest earnings for general care or maintenance of private cemetery lots or monument stones. These funds were established in the late 1800's or early 1900's. Fowler Township does not have documentation of the starting amounts.

***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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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, 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 re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township Fiscal Officer maintains all available funds of the Township in checking and 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. For regulatory purposes, nonspendable fund balance

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$238,563	\$281,750	\$43,187
Special Revenue	779,441	919,385	139,944
Total	<u>\$1,018,004</u>	<u>\$1,201,135</u>	<u>\$183,131</u>

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$200,166	(\$200,166)
Special Revenue	0	519,072	(519,072)
Total	\$0	\$719,238	(\$719,238)

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the General Fund and all Special Revenue fund types as indicated above.

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,025,333
Other time deposits (savings and NOW accounts)	911
Total deposits	<u>2,026,244</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$12,395.46 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the replacement of all public monies deposited in the financial institution.



**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Property Taxes**

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

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

**Note 6 – Risk Management**

***Risk Pool Membership***

Fowler Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the township's policy. The pool covers the following risks:

- \*General liability and casualty
- \*Public official's liability
- \*Cyber
- \*Law enforcement liability
- \*Automobile liability
- \*Vehicles
- \* Property
- \*Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

Cash investments	\$32,288,098
Actuarial liabilities	\$9,146,434

During 2022, the Township made payment of \$17,336.00 to OTARMA. As part of the 2022 Capital Distribution, and anniversary agreement, a refund in the amount of \$1021.64 was received, making the total premium \$16,314.36.

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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Note 7 – Defined Benefit Pension Plans

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2022</i>	<i>10.00%</i>	<i>14.00%</i>
<i>OPERS – Public Safety</i>	<i>2014-2022</i>	<i>12.00%</i>	<i>18.10%</i>
<i>OPERS – Law Enforcement</i>	<i>2014-2022</i>	<i>13.00%</i>	<i>18.10%</i>

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

**Fowler Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022 and OP&F was .05%.

**Note 9 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies				\$0
Corpus			400	400
Outstanding Encumbrances	1,981	31,812		33,793
Total	<u>\$1,981</u>	<u>\$911</u>	<u>\$400</u>	<u>\$34,193</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Township received \$128,148.73 in grant monies. These amounts are recorded in the applicable Special Revenue Fund.

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65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

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

Fowler Township  
Trumbull County  
PO Box 174  
Fowler, Ohio 44418

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Fowler Township, Trumbull County, Ohio (the Township) and have issued our report thereon dated April 15, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on charges for services revenue because we were unable to satisfy ourselves as to proper billing and collection of emergency medical services collected by a third party administrator.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2023-001 through 2023-004, and 2023-006 to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-003 through 2023-005.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2025

**FOWLER TOWNSHIP  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

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

**FINDING NUMBER 2023-001**

**Material Weakness – No SOC 1 Report Available**

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Township has outsourced emergency medical services billings, which is a significant accounting function, to a third-party administrator, L&D Medical Billing. The Township has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that billing claims have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Township with reasonable assurance that billing claim transactions conform to the contract.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Township should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Township with a Type 2 SOC 1 report, the Township should contract with a third-party administrator that will provide this report.

**FINDING NUMBER 2023-002**

**Material Weakness – Budgetary Amounts Not Recorded in Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The Township could not provide appropriation resolutions for both 2022 and 2023 in order to agree approved appropriation amounts to the system. Additionally, the approved Certificate of Estimated Resources were not properly posted to the accounting system in 2022 or 2023.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Trustees. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

#### **FINDING NUMBER 2023-003**

##### **Noncompliance and Material Weakness – Annual Appropriation Measure**

**Ohio Rev. Code § 5705.38 (A) and (C)** provides that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

In 2022 and 2023 the Township passed resolutions approving annual permanent appropriations, however, the meeting minute record did not contain any appropriation detail, board packet, or similar documentation could not be provided detailing appropriations amounts. In addition, with no appropriation measures available, we cannot determine if legal level of control requirements were met. Moreover, no appropriation resolutions were submitted to the County Auditor.

The Township should implement policies and procedures to ensure annual appropriation measures are supported by either including detail in minute records or separately retaining copies of trustee approved appropriations. Appropriation resolutions should also be filed with the County Auditor. Failure to do so could result in the Township spending money improperly and potential findings for recovery in future audits.



#### **FINDING NUMBER 2023-004**

##### **Noncompliance and Material Weakness – Amending/Supplementing Appropriations**

**Ohio Rev. Code § 5705.40** provides any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplemental shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. Transfers may be made by resolution or ordinance from one appropriation item to another.

In 2022 and 2023, the Township passed resolutions amending appropriations, however, the meeting minute record did not contain adequate detail, board packet, or similar documentation could not be provided detailing appropriation amendment amounts.

The Township should implement policies and procedures to ensure appropriation amendments are supported by either including detail in minute record or separately retaining copies of trustee approved amendments. Failure to do so could result in the Township spending money improperly and potential findings for recovery in future audits.

#### **FINDING NUMBER 2023-005**

##### **Noncompliance – Expenditures Exceeding Appropriations**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and documenting appropriations, the Township's General Fund had expenditures in excess of appropriations of \$200,166 and \$253,057, as of December 31, 2022 and 2023, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Township should approve and properly document appropriation measures to ensure that expenditures do not exceed appropriations.

#### **FINDING NUMBER 2023-006**

##### **Material Weakness – Financial Reporting**

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

During 2023 and 2022, receipts were not always posted or classified correctly. The following errors were noted:

- Homestead and Rollback receipts were misclassified as Property and Other Local Taxes in the General Fund in the amounts of \$17,568 in Fiscal Year 2022 and \$18,611 in Fiscal Year 2023. The proper presentation is as intergovernmental receipts.
- Homestead and Rollback receipts were misclassified as Property and Other Local Taxes in the Road & Bridge, Police District, and Fire District Funds in 2022 and 2023. The following for Fiscal Year 2022 should have been classified as Intergovernmental Receipts (\$6,023 for the Road & Bridge Fund, \$7,027 for the Police District Fund, \$6,525 for the Fire District Fund 2111, and \$13,051 for the Fire District Fund 2112). The following for Fiscal Year 2023 should have been classified as Intergovernmental Receipts (\$6,137 for the Road and Bridge Fund, \$4,831 for the Police District Fund, \$7,272 for Fire District Fund 2111, and \$7,591 for the Fire District Fund 2112).
- In 2023 and 2022, Homestead and Rollback receipts were not posted correctly to their respective funds resulting in the following errors, respectively: Intergovernmental receipts were understated in the General Fund by \$2,940 and \$3,198, the Road and Bridge Fund by \$798 and \$654, and the Fire District Fund (2112) by \$1,375 and \$414; and Intergovernmental receipts were overstated in the Police Fund by \$1,348 and \$3,634, and the Fire District Fund (2111) by \$3,765 and \$632.
- The Township recorded Ohio Ambulance Transportation Program monies in the Fire District Fund (2112) instead of the Coronavirus Relief ARP Fund in the amount of \$20,000 in Fiscal Year 2023.
- The Township's unclaimed monies fund was improperly presented as a custodial fund. Per the Ohio Township Handbook, those monies should be presented in the General Fund.

The Township lacked the internal control procedures to detect and correct the errors. The financial statements have been corrected for these errors.

The Township should review the accounting system reports and basic financial statements as applicable to help ensure all amounts are properly classified and recorded.

**Officials' Responses:** The Township did not provide responses.

#### OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS Compliance and Controls report.

#### FINDING NUMBER 2023-007

##### Finding for Recovery Repaid in Full Under Audit – Income Tax and Pension Withholdings

**26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

**26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

**Ohio Rev. Code § 5747.06** requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

**Ohio Rev. Code § 742.35** outline the requirements for withholding Ohio Police and Fire Pension amounts from a public employees payroll check.

The Township properly withheld federal, state and police and fire pension amounts, however, did not remit amounts timely. Testing identified the following:

- The Township failed to remit payments timely to the Internal Revenue Service (IRS) for income tax withholdings during fiscal year 2022. This resulted in penalties charged to the Township totaling \$1,000.71.
- The Township failed to remit payments timely to the Police and Fire Pension Fund during 2023. This resulted in penalties charged to the Township totaling \$150.

The interest and penalties against the Township could have been avoided had the Township timely remitted its employee federal tax withholdings and police and fire pension withholdings; as such, these expenditures do not serve a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against former Fiscal Officer Lynn Michalec and in favor of Fowler Township, in the amount of \$1,150.71.

Lynn Michalec reimbursed the Township for \$1,000.71 on October 31, 2024 and \$150 on February 28, 2025.

The Township should ensure all tax payments are remitted in a timely manner to the appropriate taxing authority.

# FOWLER TOWNSHIP

TRUMBULL COUNTY

P.O. BOX #174 \* FOWLER, OHIO 44418    \*330 - 637-2 653 \*    FAX \*3 30 -637-10 80 \*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 and 2022

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Financial Reporting	Not Corrected	Repeated as Finding 2023-006
2021-002	Budgetary Controls	Not Corrected	Repeated as Findings 2023-003 and 2023-005

**Trustees: Lynn M. Michalec, Todd Williams and Jeffrey Davis Fiscal Officer: Cathy J. Carr**

# OHIO AUDITOR OF STATE KEITH FABER



**FOWLER TOWNSHIP**

**TRUMBULL COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 5/20/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)