



Dave Yost • Auditor of State



FULTON TOWNSHIP  
FULTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Fulton Township  
Fulton County  
P.O. Box 149  
Swanton, Ohio 43558-0149

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Fulton Township, Fulton County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***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 opinion.

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

As described in Note 1 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

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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, 2014 and 2013, 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 Fulton Township, Fulton County, Ohio, as of December 31, 2014 and 2013, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2015, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 10, 2015

**FULTON TOWNSHIP  
FULTON 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$68,283	\$90,831	\$159,114
Intergovernmental	32,934	111,707	144,641
Earnings on Investments	915	216	1,131
Miscellaneous	7,875	350	8,225
<i>Total Cash Receipts</i>	<u>110,007</u>	<u>203,104</u>	<u>313,111</u>
<b>Cash Disbursements</b>			
Current:			
General Government	86,680		86,680
Public Safety		44,601	44,601
Public Works	1,519	112,833	114,352
Health	400	4,614	5,014
<i>Total Cash Disbursements</i>	<u>88,599</u>	<u>162,048</u>	<u>250,647</u>
<i>Excess of Receipts Over Disbursements</i>	21,408	41,056	62,464
<b>Other Financing Receipts</b>			
Transfers In		5,000	5,000
Transfers Out	(5,000)		(5,000)
<i>Total Other Financing Receipts</i>	<u>(5,000)</u>	<u>5,000</u>	
<i>Net Change in Fund Cash Balances</i>	16,408	46,056	62,464
<i>Fund Cash Balances, January 1</i>	<u>295,668</u>	<u>366,856</u>	<u>662,524</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		352,920	352,920
Committed		59,992	59,992
Unassigned	312,076		312,076
<i>Fund Cash Balances, December 31</i>	<u>\$312,076</u>	<u>\$412,912</u>	<u>\$724,988</u>

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

FULTON TOWNSHIP  
FULTON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$21
<i>Fund Cash Balance, January 1</i>	<u>13,415</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$13,436</u></u>

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

**FULTON TOWNSHIP  
FULTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$66,676	\$129,892	\$196,568
Intergovernmental	23,398	116,885	140,283
Earnings on Investments	540	106	646
Miscellaneous	2,040	1,225	3,265
<i>Total Cash Receipts</i>	<u>92,654</u>	<u>248,108</u>	<u>340,762</u>
<b>Cash Disbursements</b>			
Current:			
General Government	101,133		101,133
Public Safety		45,348	45,348
Public Works	1,240	120,326	121,566
Health	400	5,060	5,460
<i>Total Cash Disbursements</i>	<u>102,773</u>	<u>170,734</u>	<u>273,507</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,119)	77,374	67,255
<i>Fund Cash Balances, January 1</i>	<u>305,787</u>	<u>289,482</u>	<u>595,269</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		312,730	312,730
Committed		54,126	54,126
Unassigned	295,668		295,668
<i>Fund Cash Balances, December 31</i>	<u><u>\$295,668</u></u>	<u><u>\$366,856</u></u>	<u><u>\$662,524</u></u>

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

FULTON TOWNSHIP  
FULTON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$29
<i>Fund Cash Balance, January 1</i>	<u>13,386</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$13,415</u></u>

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

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 the Fulton Township, Fulton County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with several area fire departments to provide fire services and to provide ambulance services.

The Township participates in Ohio Plan Risk Management, Inc. public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

**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.

The Township values certificates of deposit at cost. 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:

**1. General Fund**

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

**2. Special Revenue Funds**

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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.

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

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund accounts for programs that maintain designated cemetery gravesites.

**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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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.

**3. 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.

**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.

**2. Equity in Pooled Deposits and Investments**

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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:

	2014	2013
Demand deposits	\$123,599	\$62,247
Certificate of deposit	8,984	8,977
Total deposits	132,583	71,224
STAR Ohio	605,841	604,715
Total deposits and investments	\$738,424	\$675,939

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:**

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,539	\$110,007	\$15,468
Special Revenue	212,794	208,104	(4,690)
Trust	50	21	(29)
Total	\$307,383	\$318,132	\$10,749

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$273,684	\$93,599	\$180,085
Special Revenue	309,400	162,048	147,352
Trust	500	500	500
Total	\$583,584	\$255,647	\$327,937

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,645	\$92,654	(\$10,991)
Special Revenue	275,042	248,108	(26,934)
Trust	50	29	(21)
Total	\$378,737	\$340,791	(\$37,946)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,825	\$102,773	\$151,052
Special Revenue	320,400	170,734	149,666
Trust	500	500	500
Total	\$574,725	\$273,507	\$301,218

Contrary to Ohio law, gasoline tax and motor vehicle registration fees and permissive motor vehicle license tax monies in the amounts of \$7,293, \$1,068 and \$299 were received from the County Auditor in 2014 were not allocated to the proper funds.

**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.

Public utilities are also taxed on personal and real property located within the Township.

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

**5. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**6. Risk Management**

**FULTON TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**Risk Pool Membership**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**7. Miscellaneous Receipts**

In 2014 General Fund Miscellaneous receipts consist primarily of a reimbursement made by the Fiscal Officer to the Township.



# Dave Yost • Auditor of State

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

Fulton Township  
Fulton County  
P.O. Box 149  
Swanton, Ohio 43558-0149

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 Fulton Township, Fulton County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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. Therefore, unidentified material weaknesses and significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2014-001 through 2014-003 described in the accompanying schedule of findings to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-003.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 10, 2015

**FULTON TOWNSHIP  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness - Fund Balance Classification**

Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Restricted revenues included those where constraints have been placed on the use by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed revenues include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

The Board of Trustees approved using inside millage committing these monies for road and bridge improvements and maintenance purposes. These amounts have been placed into the Road and Bridge and reported the Road and Bridge Fund balances of \$59,992 at December 31, 2014 and \$54,126 at December 31, 2013 as "restricted" instead of "committed". Officials were unaware of this classification requirement.

Audit adjustments have been made to the financial statements to properly report the year end fund balances.

In order to ensure the Township's governmental fund balances are reported in accordance with GASB 54, we recommend the Township review Auditor of State Bulletin 2011-004.

**FINDING NUMBER 2014-002**

**Material Weakness - Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Due to the lack of final review of financial statements by the officials, the following errors were noted in the financial statements.

1. Homestead and rollback reimbursement monies were classified as property tax instead of intergovernmental revenues in 2014 and 2013, respectively within the General fund (\$10,805 and \$10,819), Road and Bridge fund (\$6,902 and \$7,512), and Fire and Emergency fund (\$6,876 and \$12,749).
2. Local government monies in the amount of \$1,078 in 2014 were classified as property taxes instead of intergovernmental revenues within the General Fund.

Adjustments were recorded in the accompanying financial statements to correct these errors.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions.

### **FINDING NUMBER 2014-003**

#### **Material Weakness – Noncompliance**

**Ohio Rev. Code §5705.10(D)** requires all revenues derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid a special fund for such purpose.

Gasoline tax and motor vehicle registration fees and permissive motor vehicle license tax monies in the amounts of \$7,293, \$1,068 and \$299, respectively, were received from the County Auditor in 2014. The law requires these monies to be used for roads and road maintenance and credited to the Township's Gas Tax fund, Motor Vehicle License Tax fund and Permissive Motor Vehicle License Tax fund, respectively. These monies were credited to the Road and Bridge fund in error. This error was not detected by management resulting in noncompliance. This could result in these monies being used for purposes other than required by those required by law.

Adjustments were recorded to correct these fund allocations in the financial statements and the Township's accounting records.

We recommend the Township allocate monies with restricted purposes to funds in accordance with the law and review financials and accounting records to ensure restricted amounts are allocated correctly.

#### **Officials' Response:**

We did not receive a response from management to the findings reported above.



# Dave Yost • Auditor of State

**FULTON TOWNSHIP**

**FULTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 18, 2015**