

ROOTSTOWN TOWNSHIP

PORTAGE COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014





Dave Yost • Auditor of State

Board of Trustees
Rootstown Township
3988 State Route 44
Rootstown, Ohio 44272

We have reviewed the *Independent Auditors' Report* of Rootstown Township, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

November 3, 2016

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**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO
For the Years Ending December 31, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

Rootstown Township
Portage County
3988 State Route 44
Rootstown, Ohio 44272

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Rootstown Township, Portage County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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, which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Rootstown Township, Portage County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

August 31, 2016

Rootstown Township
Portage County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2015

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 95,266	\$ 1,069,954	\$ 61,531	-	\$ 1,226,751
Charges for Services	-	203,911	-	-	203,911
Licenses, Permits and Fees	-	10,205	-	-	10,205
Intergovernmental	51,950	175,188	4,512	-	231,650
Special Assessments	-	4,057	-	-	4,057
Earnings on Investments	819	61	-	\$ 9	889
Miscellaneous	11,894	39,347	-	-	51,241
<i>Total Cash Receipts</i>	159,929	1,502,723	66,043	9	1,728,704
Cash Disbursements					
Current:					
General Government	418,418	46,085	1,132	-	465,635
Public Safety	-	964,400	-	-	964,400
Public Works	-	493,658	-	-	493,658
Health	-	12,531	-	-	12,531
Conservation-Recreation	1,575	-	-	-	1,575
Capital Outlay	-	103,603	-	-	103,603
Debt Service:					
Principal Retirement	-	-	51,000	-	51,000
Interest and Fiscal Charges	-	-	17,260	-	17,260
<i>Total Cash Disbursements</i>	419,993	1,620,277	69,392	-	2,109,662
<i>Excess of Receipts Over (Under) Disbursements</i>	(260,064)	(117,554)	(3,349)	9	(380,958)
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	54,361	-	-	54,361
Advances In	41,000	41,000	-	-	82,000
Advances Out	(41,000)	(41,000)	-	-	(82,000)
<i>Total Other Financing Receipts (Disbursements)</i>	-	54,361	-	-	54,361
<i>Net Change in Fund Cash Balances</i>	(260,064)	(63,193)	(3,349)	9	(326,597)
<i>Fund Cash Balances, January 1</i>	377,564	1,162,187	23,590	14,988	1,578,329
Fund Cash Balances, December 31					
Nonspendable	-	-	-	9,674	9,674
Restricted	-	1,098,994	20,241	5,323	1,124,558
Unassigned	117,500	-	-	-	117,500
<i>Fund Cash Balances, December 31</i>	\$ 117,500	\$ 1,098,994	\$ 20,241	\$ 14,997	\$ 1,251,732

See accompanying Notes to the Financial Statements.

Rootstown Township
Portage County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Permanent	
Cash Receipts					
Property and Other Local Taxes	\$ 92,046	\$ 1,031,492	\$ 65,110	-	\$ 1,188,648
Charges for Services	-	212,228	-	-	212,228
Licenses, Permits and Fees	-	14,325	-	-	14,325
Intergovernmental	51,545	263,706	9,921	-	325,172
Special Assessments	-	4,080	-	-	4,080
Earnings on Investments	255	19	-	\$ 3	277
Miscellaneous	17,170	33,688	-	-	50,858
<i>Total Cash Receipts</i>	161,016	1,559,538	75,031	3	1,795,588
Cash Disbursements					
Current:					
General Government	332,117	37,702	1,201	-	371,020
Public Safety	-	892,544	-	-	892,544
Public Works	-	522,185	-	-	522,185
Health	-	17,003	-	-	17,003
Capital Outlay	-	93,911	-	-	93,911
Debt Service:					
Principal Retirement	-	-	56,000	-	56,000
Interest and Fiscal Charges	-	-	27,010	-	27,010
<i>Total Cash Disbursements</i>	332,117	1,563,345	84,211	-	1,979,673
<i>Excess of Receipts Over (Under) Disbursements</i>	(171,101)	(3,807)	(9,180)	3	(184,085)
Other Financing Receipts (Disbursements)					
Sale of Refunding Bonds	-	-	525,000	-	525,000
Payment to Escrow Agent	-	-	(533,741)	-	(533,741)
Premium and Accrued Interest on Debt	-	-	21,851	-	21,851
Sale of Capital Assets	-	1,495	-	-	1,495
Transfers In	-	125,000	-	-	125,000
Transfers Out	(125,000)	-	-	-	(125,000)
Advances In	121,000	41,000	-	-	162,000
Advances Out	(41,000)	(121,000)	-	-	(162,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(45,000)	46,495	13,110	-	14,605
<i>Net Change in Fund Cash Balances</i>	(216,101)	42,688	3,930	3	(169,480)
<i>Fund Cash Balances, January 1</i>	593,665	1,119,499	19,660	14,985	1,747,809
Fund Cash Balances, December 31					
Nonspendable	-	-	-	9,674	9,674
Restricted	-	1,162,187	23,590	5,314	1,191,091
Unassigned	377,564	-	-	-	377,564
<i>Fund Cash Balances, December 31</i>	\$ 377,564	\$ 1,162,187	\$ 23,590	\$ 14,988	\$ 1,578,329

See accompanying Notes to the Financial Statements.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Rootstown Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) provides property and casualty insurance for its members. It pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

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

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. Summary of Significant Accounting Policies (continued)

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. 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.

EMS/Fire Levy Fund – This fund receives property tax money for the operation of the Fire and EMS departments.

3. Debt Service Fund

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

General Bond (Note) Retirement Fund – The fund receives property tax money for the payment of various debt issues, including the payment of a Fire Station Bond.

4. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

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.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

1. **Summary of Significant Accounting Policies (continued)**

F. **Fund Balance (continued)**

4. **Assigned**

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

5. **Unassigned**

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. **Property, Plant, and Equipment**

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

H. **Accumulated Leave**

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

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

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

	2015	2014
Demand deposits	\$ 412,966	\$ 740,453
Total deposits	412,966	740,453
STAR Ohio	838,766	837,876
Total investments	838,766	837,876
Total deposits and investments	<u>\$ 1,251,732</u>	<u>\$ 1,578,329</u>

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

3. Budgetary Activity

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

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 301,398	\$ 159,929	\$ (141,469)
Special Revenue	1,511,390	1,557,084	45,694
Debt Service	70,135	66,043	(4,092)
Permanent	5	9	4
Total	<u>\$ 1,882,928</u>	<u>\$ 1,783,065</u>	<u>\$ (99,863)</u>

2015 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 710,413	\$ 419,993	\$ 290,420
Special Revenue	1,784,748	1,620,277	164,471
Debt Service	75,371	69,392	5,979
Permanent	500	0	500
Total	<u>\$ 2,571,032</u>	<u>\$ 2,109,662</u>	<u>\$ 461,370</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 265,850	\$ 161,016	\$ (104,834)
Special Revenue	1,514,045	1,686,033	171,988
Debt Service	625,086	621,882	3,945
Permanent	5	3	(2)
Total	<u>\$ 2,404,986</u>	<u>\$ 2,468,934</u>	<u>\$ (71,097)</u>

2014 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 876,756	\$ 457,117	\$ 419,639
Special Revenue	1,820,797	1,563,345	257,452
Debt Service	621,106	617,952	3,154
Permanent	500	0	500
Total	<u>\$ 3,319,159</u>	<u>\$ 2,638,414</u>	<u>\$ 680,745</u>

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.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

4. Property Tax (continued).

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

5. Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Fire Station Refunding Bonds	\$418,000	3.68%

The Township issued general obligation bonds to finance the construction of the fire station in 2002. In 2014, the Township refunded the bonds at a lower interest rate. The proceeds of the refunded bonds were placed in an escrow account to pay the remaining 2002 bonds. The Township's taxing authority collateralized the bonds.

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

	General Obligation Bonds
Year ending December 31:	
2016	\$71,382
2017	68,322
2018	66,298
2019	68,274
2020	70,102
2021-2025	137,250
Total	\$481,628

6. Leases

Leases outstanding at December 31, 2015 were as follows:

	Principal	Interest Rate
Vehicle Leases	\$331,850	Various

The Township has entered into several leases for vehicles. These include the fire truck in 2011 and an ambulance in 2012. The prior audit report did not include these lease amounts thus the principal outstanding as of December 31, 2013 was understated by \$468,668.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

6. Leases (continued)

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

Year ending December 31:	Equipment Leases
2016	\$72,582
2017	55,095
2018	55,095
2019	55,095
2020	55,095
2021-2025	110,190
Total	<u>\$403,152</u>

7. Retirement Systems

The Township's certified firefighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2014 through June 30, 2014, OP&F plan members were required to contribute 10.75% of their annual covered salary. From July 1, 2014 through June 30, 2015, OP&F plan members were required to contribute 11.5% of their annual covered salary. From July 1, 2015 through December 31, 2015, OP&F plan members were required to contribute 12.25% of their annual covered salary. For 2015 and 2014, the Township was required to contribute an amount equal to 24% of the full-time firefighters' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

8. Risk Management

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

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

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

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

8. Risk Management (continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$18,000.

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

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$34,624	\$33,837

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

8. Risk Management (continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. Related Organizations

The Rootstown Fire Company (the Company) provides services to the Township, including training for Fire Department personnel and maintenance to the Fire Department building in exchange for quarterly payments from the Township. The Company is a nonprofit corporation established in 1938 and is a related organization to the Township. Their financial information is not included in the Township's financial statements.

10. Transfers/Advances

Transfers were made from the General Fund to various funds to subsidize operations and capital projects. Advances were made to and from various funds to advance and repay grant monies.

11. Subsequent Events

In May of 2016, the Township entered into two lease purchase agreements for the acquisition of a new fire truck and a new ambulance. Both of these leases will be paid off in 2022.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Rootstown Township
Portage County
3988 State Route 44
Rootstown, Ohio 44272

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Rootstown Township, Portage County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 31, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

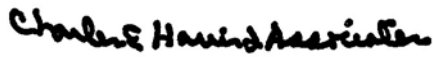
Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2015-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 31, 2016.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
August 31, 2016

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY

Schedule of Findings
December 31, 2015 and 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2015-001 – Non-Compliance/Material Weakness

Ohio Revised Code Section 507.04 states that the fiscal officer must keep accurate record of all of the township's accounts and transactions.

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions. The more significant misclassifications included the following:

- During 2015 and 2014, Homestead and Rollback receipts were posted as tax receipts instead of intergovernmental receipts. In addition, the entire amount of Homestead and Rollback receipts was posted to the General Fund and not allocated to the individual funds that should have received the money.
- During 2015 and 2014, tax settlements were posted using the net amount instead of the gross amount which resulted in the Township not reporting the associated expenses.
- During 2014, the Township refinanced the Fire Station Bonds, but failed to record both the receipts from sale of bonds and the payment of principal to pay off the old bonds.
- During 2014, debt service payments were not properly split between principal and interest payments.
- During 2015 and 2014, the Township erroneously made several bond payments from the General Fund rather than the Debt Service fund.

The accompanying financial statements and the Township's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend that management review these requirements, as well as the UAN Handbook, the Ohio Township Handbook and other Auditor of State guidance to aid in properly identifying fund categories and fund balance classifications.

Management's Response:

We did not receive a response from Officials to this finding.

ROOTSTOWN TOWNSHIP
PORTAGE COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2015 and 2014

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Non-Compliance/Material Weakness – Ohio Revised Code Section 507.04 – Accurate accounting records	No	Not Corrected; Repeated as Finding 2015-001



Dave Yost • Auditor of State

ROOTSTOWN TOWNSHIP

PORTAGE 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
NOVEMBER 15, 2016**