

SPRINGFIELD TOWNSHIP

SUMMIT COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014





Dave Yost • Auditor of State

Board of Trustees
Springfield Township
2459 Canfield Road
Akron, Ohio 44312

We have reviewed the *Independent Auditors' Report* of Springfield Township, Summit 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. Springfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

October 12, 2016

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**SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO
For the Years Ending December 31, 2015 and 2014**

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INDEPENDENT AUDITOR'S REPORT

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 Springfield Township, Summit 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 Springfield Township, Summit 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 July 15, 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.

July 15, 2016

Springfield Township
Summit 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	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 390,371	\$ 3,332,046	\$ -	\$ 3,722,417
Charges for Services	-	975,541	-	975,541
Licenses, Permits and Fees	121,811	9,213	-	131,024
Fines and Forfeitures	-	26,602	-	26,602
Intergovernmental	546,382	864,622	-	1,411,004
Special Assessments	37,604	-	-	37,604
Earnings on Investments	1,467	123	-	1,590
Miscellaneous	82,907	146,754	-	229,661
<i>Total Cash Receipts</i>	1,180,542	5,354,901	-	6,535,443
Cash Disbursements				
Current:				
General Government	765,202	2,176	-	767,378
Public Safety	5,200	4,357,865	25,989	4,389,054
Public Works	286,718	642,775	-	929,493
Health	94,153	-	-	94,153
Human Services	-	63,005	-	63,005
Conservation-Recreation	306,194	64,508	-	370,702
Capital Outlay	284,758	-	-	284,758
<i>Total Cash Disbursements</i>	1,742,225	5,130,329	25,989	6,898,543
<i>Excess of Receipts Over (Under) Disbursements</i>	(561,683)	224,572	(25,989)	(363,100)
Other Financing Receipts (Disbursements)				
Transfers In	-	25,070	-	25,070
Transfers Out	(25,070)	-	-	(25,070)
Advances In	125,000	190,000	-	315,000
Advances Out	(190,000)	(125,000)	-	(315,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(90,070)	90,070	-	-
<i>Net Change in Fund Cash Balances</i>	(651,753)	314,642	(25,989)	(363,100)
<i>Fund Cash Balances, January 1</i>	1,761,207	1,127,724	25,989	2,914,920
Fund Cash Balances, December 31				
Restricted	-	1,442,366	-	1,442,366
Committed	24,687	-	-	24,687
Assigned	21,550	-	-	21,550
Unassigned	1,063,217	-	-	1,063,217
<i>Fund Cash Balances, December 31</i>	\$ 1,109,454	\$ 1,442,366	\$ -	\$ 2,551,820

See accompanying Notes to the Financial Statements.

Springfield Township
Summit County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
Fiduciary Fund Type
For the Year Ended December 31, 2015

	Fiduciary Fund Type
	Agency Fund
Operating Cash Disbursements	
Salaries	\$ 31,939
Employee Fringe Benefits	4,942
Other	69,486
	106,367
<i>Total Operating Cash Disbursements</i>	106,367
<i>Operating Income (Loss)</i>	(106,367)
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	122,037
	122,037
<i>Total Non-Operating Receipts (Disbursements)</i>	122,037
<i>Net Change in Fund Cash Balances</i>	15,670
<i>Fund Cash Balances, January 1</i>	35,387
<i>Fund Cash Balances, December 31</i>	\$ 51,057

See accompanying Notes to the Financial Statements.

Springfield Township
Summit 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	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 387,093	\$ 3,486,019	\$ -	\$ 3,873,112
Charges for Services	-	928,611	-	928,611
Licenses, Permits and Fees	110,267	10,422	-	120,689
Fines and Forfeitures	-	31,775	-	31,775
Intergovernmental	741,100	1,279,725	-	2,020,825
Special Assessments	15,222	-	-	15,222
Earnings on Investments	1,594	150	-	1,744
Miscellaneous	89,343	160,559	-	249,902
<i>Total Cash Receipts</i>	1,344,619	5,897,261	-	7,241,880
Cash Disbursements				
Current:				
General Government	797,714	2,329	-	800,043
Public Safety	31	4,730,584	-	4,730,615
Public Works	239,885	647,628	-	887,513
Health	93,718	-	-	93,718
Human Services	-	65,475	-	65,475
Conservation-Recreation	269,473	41,184	-	310,657
Capital Outlay	150,289	382,019	-	532,308
<i>Total Cash Disbursements</i>	1,551,110	5,869,219	-	7,420,329
<i>Excess of Receipts Over (Under) Disbursements</i>	(206,491)	28,042	-	(178,449)
Other Financing Receipts (Disbursements)				
Transfers In	-	75,192	-	75,192
Transfers Out	(75,192)	-	-	(75,192)
Advances In	45,000	-	-	45,000
Advances Out	-	(45,000)	-	(45,000)
Other Financing Uses	(98,772)	-	-	(98,772)
<i>Total Other Financing Receipts (Disbursements)</i>	(128,964)	30,192	-	(98,772)
<i>Net Change in Fund Cash Balances</i>	(335,455)	58,234	-	(277,221)
<i>Fund Cash Balances, January 1</i>	2,096,662	1,069,490	25,989	3,192,141
Fund Cash Balances, December 31				
Restricted	-	1,127,724	-	1,127,724
Committed	20,622	-	-	20,622
Assigned	15,648	-	25,989	41,637
Unassigned	1,724,937	-	-	1,724,937
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,761,207</u>	<u>\$ 1,127,724</u>	<u>\$ 25,989</u>	<u>\$ 2,914,920</u>

See accompanying Notes to the Financial Statements.

Springfield Township
Summit County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances
Fiduciary Fund Type
For the Year Ended December 31, 2014

	Fiduciary Fund Type
	Agency Fund
Operating Cash Disbursements	
Salaries	\$ 28,698
Employee Fringe Benefits	4,426
Other	125,917
	159,041
<i>Total Operating Cash Disbursements</i>	159,041
<i>Operating Income (Loss)</i>	(159,041)
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	111,308
	111,308
<i>Total Non-Operating Receipts (Disbursements)</i>	111,308
<i>Net Change in Fund Cash Balances</i>	(47,733)
<i>Fund Cash Balances, January 1</i>	83,120
<i>Fund Cash Balances, December 31</i>	\$ 35,387

See accompanying Notes to the Financial Statements.

SPRINGFIELD TOWNSHIP
SUMMIT 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 Springfield Township, Summit 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, emergency medical services and police protection.

The Township participates in a joint venture, a related organization, and a public entity risk pool. Notes 6, 9, and 10 to the financial statements provides additional information for these entities. These organizations are:

Joint Venture:

Joint Economic Development District

Related Organization:

Springfield Township Local Cable Communications Board, Inc.

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.

The investment in an overnight repurchase agreement is valued at cost.

SPRINGFIELD TOWNSHIP
SUMMIT 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 Fund:

Police District Fund - This fund receives property tax money for general operations of the police department.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise funds). The Township had the following significant Capital Project fund:

Capital Equipment Fund – This fund receives transfers from the General Fund and is used to account for capital equipment.

4. 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for bond monies held in escrow in accordance with contracts issued for construction and rehabilitation projects.

SPRINGFIELD TOWNSHIP
SUMMIT 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 (except Agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 carried over, and need not be reappropriated.

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

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

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.

SPRINGFIELD TOWNSHIP
SUMMIT 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	\$ (62,123)	\$ (224,693)
Total deposits	(62,123)	(224,693)
Repurchase agreement	2,665,000	3,175,000
Total investments	2,665,000	3,175,000
Total deposits and investments	<u>\$ 2,602,877</u>	<u>\$ 2,950,307</u>

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO

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

2. Equity in Pooled Deposits and Investments (continued)

The negative demand deposits are due to the overnight repurchase agreement.

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	\$ 1,296,235	\$ 1,180,542	\$ (115,693)
Special Revenue	5,120,653	5,379,971	259,318
Capital Projects	0	0	0
Total	<u>\$ 6,416,888</u>	<u>\$ 6,560,513</u>	<u>\$ 143,625</u>

2015 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 2,709,470	\$ 1,788,845	\$ 920,625
Special Revenue	5,646,929	5,201,381	445,548
Capital Projects	25,989	25,989	0
Total	<u>\$ 8,382,388</u>	<u>\$ 7,016,215</u>	<u>\$ 1,366,173</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,399,154	\$ 1,344,619	\$ (54,535)
Special Revenue	5,707,777	5,972,453	264,676
Capital Projects	0	0	0
Total	<u>\$ 7,106,931</u>	<u>\$ 7,317,072</u>	<u>\$ 210,141</u>

2014 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$ 3,089,974	\$ 1,740,722	\$ 1,349,252
Special Revenue	6,183,340	5,893,013	290,327
Capital Projects	25,989	0	25,989
Total	<u>\$ 9,299,303</u>	<u>\$ 7,633,735</u>	<u>\$ 1,665,568</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.

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO

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

4. Property Tax (continued)

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 Systems

The Township's certified firefighters belong to the Police and Fire Pension Fund (OP&F). Other employees, including full-time police officers, 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 full-time police officer members contributed 13% of their gross salaries. For 2015 and 2014, all other non-law enforcement members contributed 10% of their gross salaries. For 2015 and 2014, the Township contributed an amount equaling 18.1% of full-time police officers' gross salaries and 14% of all other non-law enforcement members' gross salaries. The Township has paid all contributions required through December 31, 2015.

6. Risk Management

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

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

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

Casualty and Property Coverage

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

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

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO

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

6. Risk Management (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 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 \$47,000.

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>
\$87,948	\$88,738

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

7. Leases

Leases outstanding at December 31, 2015 were as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building and Equipment Leases	\$536,505	4.00 - 4.76%

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO

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

7. Leases (continued)

The Township has entered into several leases for equipment or other assets. These include the Maintenance Garage and Salt Garage in 2010, a Ford F550 Road Truck in 2013 and 3 new leases in 2014, which include 2 fire trucks, a Bobcat Loader, and property near Township Hall.

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

Year ending December 31:	Equipment Leases
2016	\$118,605
2017	118,605
2018	90,730
2019	33,049
2020	33,049
2021-2025	165,245
2026-2028	66,098
Total	<u><u>\$625,381</u></u>

8. Contingent Liabilities

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

9. Joint Economic Development District

The Township is a member of a Joint Economic Development District (JEDD) with the City of Akron. The City of Akron provides city services to business within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base. The Township has no equity interest in the JEDD. Complete financial statements can be obtained from the City of Akron.

10. Related Organizations

The Township appoints four of the five members of the Springfield Township Local Cable Communications Board, Inc. (Board). The Board operates, maintains, manages, and regulates the cable television programming and charges and receives 2% franchise fees on behalf of its member communities (Lakemore Village and Springfield Township). The Board hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Board nor is the Board financially dependent on the Township. The Board serves as its own budgeting, taxing and debt issuance authority. Per agreement between all parties, the Township performs the payroll function for the Board for the Director's salary and the Board reimburses the Township on a quarterly basis. The Township received \$37,366 and \$41,997 of reimbursable salary expenditures during 2015 and 2014, respectively. Complete financial statements can be obtained from the Springfield Township Local Cable Communications Board, Inc.

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY, OHIO

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

11. 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.

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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

Springfield Township
Summit County
2459 Canfield Road
Akron, Ohio 44312

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 Springfield Township, Summit 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 July 15, 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

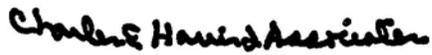
As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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.
July 15, 2016

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY

Schedule of Findings
December 31, 2015 and 2014

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

Finding Number 2015-001 - Material Weakness

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, General Fund lease payments were posted as debt interest payments rather than Capital Outlay.
- During 2015 and 2014, the Township misclassified the Zoning fund as special revenue with an assigned fund balance instead of general with an unassigned fund balance.
- During 2015 and 2014, the Township misclassified the Accumulated Leave fund as special revenue with an assigned fund balance instead of general with a committed fund balance.
- During 2015 and 2014, the Township misclassified the Special Senior Center fund as special revenue with an assigned fund balance instead of general with a committed fund balance.
- During 2015 and 2014, the Township misclassified the Special Community Center fund as special revenue with an assigned fund balance instead of general with a committed fund balance.
- During 2015 and 2014, the Township misclassified the outstanding encumbrances at year end in the General Fund as an unassigned fund balance instead of an assigned fund balance.
- During 2015 and 2014, the Township misclassified a portion of the Special Revenue fund balance as assigned rather than a restricted fund balance.

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. Governmental Accounting Standards Board Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* details how funds should be classified and how fund balances should be classified within those funds. 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:

Management will review GASB 54 and properly classify their funds and fund balance categories in the future. Also, we will review all transactions more thoroughly when posting. We will utilize the Ohio Township Handbook, UAN and other Auditor of State guidance when reporting.

SPRINGFIELD TOWNSHIP
SUMMIT COUNTY
For the Years Ended December 31, 2015 and 2014

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the two years ending December 31, 2013, reported no material citations or recommendations.



Dave Yost • Auditor of State

SPRINGFIELD TOWNSHIP

SUMMIT 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
OCTOBER 25, 2016**