



Dave Yost • Auditor of State

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

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Dave Yost • Auditor of State

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 and related notes of Rootstown Township, Portage County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 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, 2013 and 2012, 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, 2013 and 2012, 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 August 17, 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.

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

August 17, 2015

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**ROOTSTOWN TOWNSHIP
PORTAGE 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	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$89,894	\$1,042,969	\$64,424		\$1,197,287
Charges for Services		209,201			209,201
Licenses, Permits and Fees		52,444			52,444
Intergovernmental	117,470	263,094	9,733		390,297
Special Assessments		4,102			4,102
Earnings on Investments	309	15		2	326
Miscellaneous	20,637	15,493			36,130
<i>Total Cash Receipts</i>	<u>228,310</u>	<u>1,587,318</u>	<u>74,157</u>	<u>2</u>	<u>1,889,787</u>
Cash Disbursements					
Current:					
General Government	458,897	28,042	1,404		488,343
Public Safety		756,539			756,539
Public Works		411,469			411,469
Health		40,076			40,076
Conservation-Recreation	9,291				9,291
Capital Outlay		210,159			210,159
Debt Service:					
Principal Retirement	8,000		45,000		53,000
Interest and Fiscal Charges			18,010		18,010
<i>Total Cash Disbursements</i>	<u>476,188</u>	<u>1,446,285</u>	<u>64,414</u>	<u>0</u>	<u>1,986,887</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(247,878)</u>	<u>141,033</u>	<u>9,743</u>	<u>2</u>	<u>(97,100)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		10,000			10,000
Advances In		50,000			50,000
Advances Out	(50,000)				(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(50,000)</u>	<u>60,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(297,878)</u>	<u>201,033</u>	<u>9,743</u>	<u>2</u>	<u>(87,100)</u>
<i>Fund Cash Balances, January 1</i>	<u>891,543</u>	<u>918,466</u>	<u>9,917</u>	<u>14,983</u>	<u>1,834,909</u>
Fund Cash Balances, December 31					
Restricted	0	1,119,499	19,660	14,985	1,154,144
Unassigned (Deficit)	593,665	0	0	0	593,665
<i>Fund Cash Balances, December 31</i>	<u>\$593,665</u>	<u>\$1,119,499</u>	<u>\$19,660</u>	<u>\$14,985</u>	<u>\$1,747,809</u>

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$92,117	\$1,046,098	\$65,930		\$1,204,145
Charges for Services		135,399			135,399
Licenses, Permits and Fees		33,333			33,333
Intergovernmental	91,070	274,137	10,010		375,217
Special Assessments		4,089			4,089
Earnings on Investments	614	18		6	638
Miscellaneous	12,507	7,180			19,687
<i>Total Cash Receipts</i>	<u>196,308</u>	<u>1,500,254</u>	<u>75,940</u>	<u>6</u>	<u>1,772,508</u>
Cash Disbursements					
Current:					
General Government	292,934	37,139	1,268		331,341
Public Safety		669,539			669,539
Public Works		363,006			363,006
Health		24,100			24,100
Conservation-Recreation	6,554				6,554
Capital Outlay		162,486			162,486
Debt Service:					
Principal Retirement			45,000		45,000
Interest and Fiscal Charges			23,319		23,319
<i>Total Cash Disbursements</i>	<u>299,488</u>	<u>1,256,270</u>	<u>69,587</u>	<u>0</u>	<u>1,625,345</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(103,180)</u>	<u>243,984</u>	<u>6,353</u>	<u>6</u>	<u>147,163</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		421			421
Advances In		30,000			30,000
Advances Out	(30,000)				(30,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,000)</u>	<u>30,421</u>	<u>0</u>	<u>0</u>	<u>421</u>
<i>Net Change in Fund Cash Balances</i>	<u>(133,180)</u>	<u>274,405</u>	<u>6,353</u>	<u>6</u>	<u>147,584</u>
<i>Fund Cash Balances, January 1</i>	<u>1,024,723</u>	<u>644,061</u>	<u>3,564</u>	<u>14,977</u>	<u>1,687,325</u>
Fund Cash Balances, December 31					
Restricted	0	918,466	9,917	14,983	943,366
Unassigned (Deficit)	891,543	0	0	0	891,543
<i>Fund Cash Balances, December 31</i>	<u>\$891,543</u>	<u>\$918,466</u>	<u>\$9,917</u>	<u>\$14,983</u>	<u>\$1,834,909</u>

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 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 provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

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

D. Fund Accounting

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

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

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:

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

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 Funds:

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 Funds

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.

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.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 2013 and 2012 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.

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.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

	2013	2012
Demand deposits	\$910,209	\$997,636
STAR Ohio	837,600	837,273
Total deposits and investments	\$1,747,809	\$1,834,909

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, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$328,477	\$228,310	(\$100,167)
Special Revenue	1,395,372	1,597,318	201,946
Debt Service	75,716	74,157	(1,559)
Permanent	5	2	(3)
Total	\$1,799,570	\$1,899,787	\$100,217

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$726,988	\$476,188	\$250,800
Special Revenue	1,620,293	1,446,285	174,008
Debt Service	71,010	64,414	6,596
Permanent	5	0	5
Total	<u>\$2,418,296</u>	<u>\$1,986,887</u>	<u>\$431,409</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$505,942	\$196,308	(\$309,634)
Special Revenue	1,368,799	1,500,675	131,876
Debt Service	75,399	75,940	541
Permanent	0	6	6
Total	<u>\$1,950,140</u>	<u>\$1,772,929</u>	<u>(\$177,211)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$769,416	\$299,488	\$469,928
Special Revenue	1,602,763	1,256,270	346,493
Debt Service	74,340	69,587	4,753
Permanent	500	0	500
Total	<u>\$2,447,019</u>	<u>\$1,625,345</u>	<u>\$821,674</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.

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Fire Station Bonds	\$525,000	4.5%

The Township issued general obligation bonds to finance the construction of the fire station. 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:	
2014	\$74,255
2015	72,005
2016	74,755
2017	72,280
2018	69,805
2019-2022	291,255
Total	\$654,355

6. RETIREMENT SYSTEMS

The Township's certified fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement Systems (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. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages.

For 2013 and 2012, 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, 2013.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT

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

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

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

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$18,000.

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. RISK MANAGEMENT – (Continued)

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

Contributions to OTARMA	
<u>2013</u>	<u>2012</u>
\$32,556	\$31,336

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.

8. 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.



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

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 Rootstown Township, Portage County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 17, 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 or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2013-001 described in the accompanying schedule of findings 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

August 17, 2015

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

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.

The following errors were noted in the recording of receipts and expenditures for 2013 and 2012:

- 1) 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 dispersed into the individual funds they should have been posted to. In 2012, \$13,968, \$147,960 and \$10,010 were reclassified from tax receipts to intergovernmental receipts in the General Fund, Special Revenue Funds and Debt Service Fund, respectively. For 2012 these net adjustments were 1.5%, 16%, and 100% of fund balance respectively. In 2013, \$13,582, \$147,943, and \$9,733 were reclassified from tax receipts to intergovernmental receipts in the General Fund, Special Revenue Funds and Debt Service Fund, respectively. For 2013 these net adjustments were 1.8%, 15%, and 99% of fund balance respectively.
- 2) In 2012, Metro Housing receipts were posted as tax receipts within the General Fund, Special Revenues Funds and the Debt Service Fund. The entire amount totaling \$406 was reclassified as intergovernmental receipts in the General Fund.
- 3) Tax settlements were posted using the net amount instead of the gross amount which resulted in the Township not reporting the associated expenses. In 2012 there was an increase of \$8,750 in the General Fund expenses, \$17,848 in the Special Revenue Funds expenses and \$1,198 in the Debt Service Fund expenses. For 2013 there was an increase of \$1,941 for the General Fund expenses, \$20,385 in the Special Revenue Funds expenses and \$1,335 for the Debt Service Fund expenses.
- 4) Three instances were noted in which the Township posted intergovernmental receipts to miscellaneous receipts. In 2012, \$3,603 was reclassified from miscellaneous receipts to intergovernmental receipts for the Special Revenue Fund. In 2013, two corrections were made to reclassify miscellaneous receipts to intergovernmental receipts, \$430 for the General Fund and \$595 for the Special Revenue Fund.
- 5) We noted two instances in each year in which the Township classified public safety expenditures as capital outlay. In 2012, \$42,583 and \$30,000 were reclassified within the Special Revenue Funds. In 2013, we reclassified \$45,000 and \$45,070 within the Special Revenue Funds.
- 6) For both years under audit, we noted cemetery fees were posted as EMS charges for services. For 2012, \$25,123 was reclassified and in 2013 \$13,781 was reclassified from EMS charges for services to cemetery fees with the Special Revenue Funds.

In addition, we noted two additional adjustments totaling \$59 in 2012 and two adjustments totaling \$228 in 2013. All the above adjustments were posted to the Township's accounting system and to the audited financial statements.

We recommend the fiscal officer reference UAN manuals and the Ohio Township Manual when posting receipts and processing unusual transactions.

Officials' Response:

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

**ROOTSTOWN TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Attorney General Opinion 82-006 for expenditure of funds for public purposes	Yes	Finding No Longer Valid
2011-02	AOS Bulletin 2000-008 and 2002-004 guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the GASB.	Yes	Finding No Longer Valid



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
SEPTEMBER 22, 2015**