



Dave Yost • Auditor of State

**RANDOLPH TOWNSHIP
PORTAGE COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Randolph Township
Portage County
3636 Waterloo Road
P.O. Box 184
Randolph, Ohio 44265

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 Randolph Township, Portage County, (the Township) as of and for the years ended December 31, 2016 and 2015.

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 Government'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 Government'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 2 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, 2016 and 2015, 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 Randolph Township, Portage County as of December 31, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

July 18, 2017

**RANDOLPH 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, 2016**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$142,988	\$714,568	-	\$857,556
Charges for Services		150,352	-	150,352
Licenses, Permits and Fees	29,490	11,795	-	41,285
Intergovernmental	65,059	198,463	-	263,522
Earnings on Investments		17	-	17
Miscellaneous	14,176	10,700	-	24,876
<i>Total Cash Receipts</i>	<u>251,713</u>	<u>1,085,895</u>	<u>-</u>	<u>1,337,608</u>
Cash Disbursements				
Current:				
General Government	200,160	-	-	200,160
Public Safety	-	477,756	-	477,756
Public Works	-	424,175	-	424,175
Health	-	20,097	-	20,097
Capital Outlay	-	10,856	-	10,856
Debt Service:				
Principal Retirement	-	72,071	4,989	77,060
Interest and Fiscal Charges	-	8,496	74	8,570
<i>Total Cash Disbursements</i>	<u>200,160</u>	<u>1,013,451</u>	<u>5,063</u>	<u>1,218,674</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,553</u>	<u>72,444</u>	<u>(5,063)</u>	<u>118,934</u>
Other Financing Receipts (Disbursements)				
Advances In	15,000	15,000	-	30,000
Advances Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(30,000)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>51,553</u>	<u>72,444</u>	<u>(5,063)</u>	<u>118,934</u>
<i>Fund Cash Balances, January 1</i>	<u>58,192</u>	<u>195,203</u>	<u>5,294</u>	<u>258,689</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	-	-
Restricted	-	215,856	231	216,087
Committed	-	51,791	-	51,791
Assigned	1,541	-	-	1,541
Unassigned (Deficit)	<u>108,204</u>	<u>-</u>	<u>-</u>	<u>108,204</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$109,745</u></u>	<u><u>\$267,647</u></u>	<u><u>\$231</u></u>	<u><u>\$377,623</u></u>

See accompanying notes to the basic financial statements

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Earnings on Investments	\$ -	\$ 4	\$ 4
<i>Total Operating Cash Receipts</i>	<u>-</u>	<u>4</u>	<u>4</u>
Operating Cash Disbursements			
Purchased Services	-	47	47
Other	680	-	680
<i>Total Operating Cash Disbursements</i>	<u>680</u>	<u>47</u>	<u>727</u>
<i>Operating Income (Loss)</i>	<u>(680)</u>	<u>(43)</u>	<u>(723)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	1,921	-	1,921
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,921</u>	<u>-</u>	<u>1,921</u>
<i>Net Change in Fund Cash Balances</i>	1,241	(43)	1,198
<i>Fund Cash Balances, January 1</i>	<u>-</u>	<u>6,733</u>	<u>6,733</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,241</u>	<u>\$ 6,690</u>	<u>\$ 7,931</u>

See accompanying notes to the basic financial statements

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Randolph Township, Portage County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township has a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Portage County Sheriff's Department to provide police services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Road and Bridge Fund: This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

EMT/Ambulance Fund: This fund receives property tax money and charges for services for the general operation of the EMT department.

Debt Service Fund This fund accounts for and reports 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 Retirement Fund The general bond retirement fund accounts for the collection of property taxes collected for the payment of principal and interest on the Township's debt obligations.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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 the following fund:

Beverly Bird Sanctuary Fund: This is a private purpose trust fund and utilizes the interest revenue for the upkeep and maintenance of the park system. An amount of \$5,000 must remain intact.

Randolph Suffield Atwater Food Shelf: This fund accounts for the collection of aluminum can recycling money and the disbursement of the collection to the Food Shelf.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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).

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

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

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits

The Township pools all available funds of the Township in a checking and interest-bearing savings account.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$227,585	\$251,713	\$24,128
Special Revenue	1,010,650	1,085,895	75,245
Debt Service	0	0	0
Private Purpose Trust	1	4	3
Agency	1,500	1,921	421
Total	\$1,239,736	\$1,339,533	\$99,797

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$219,518	\$201,701	\$17,817
Special Revenue	1,083,288	1,021,524	61,764
Debt Service	5,095	5,063	32
Private Purpose Trust	1,700	47	1,653
Agency	1,500	680	820
Total	\$1,311,101	\$1,229,015	\$82,086

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments during 2016. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	\$385,554
Total deposits	\$385,554

Deposits

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

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

Note 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 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, 2016, 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, 2016:

	<u>2016</u>
Assets	\$38,143,283
Liabilities	8,244,140
Net Position	\$30,229,143

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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.

Contributions to OTARMA

<u>2016 Contributions to OTARMS</u>
\$11,376

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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Government</i>	<i>2016</i>	<i>10%</i>	<i>14%</i>

Social Security

The Township's Zoning Boards employees contribute to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Leases	\$128,322	3.16% - 5.40%
Total	\$128,322	

Amortization

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

Year ending December 31:	Leases
2017	\$59,734
2018	44,839
2019	11,408
2020	11,408
2021	11,408
Total	\$138,797

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**RANDOLPH 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, 2015**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$119,830	\$679,569	\$23,258	\$822,657
Charges for Services		132,023	-	132,023
Licenses, Permits and Fees	32,445	12,291	-	44,736
Intergovernmental	71,070	208,499	-	279,569
Earnings on Investments		4	-	4
Miscellaneous	11,256	6,695	-	17,951
<i>Total Cash Receipts</i>	<u>234,601</u>	<u>1,039,081</u>	<u>23,258</u>	<u>1,296,940</u>
Cash Disbursements				
Current:				
General Government	194,653	-	-	194,653
Public Safety	-	444,099	-	444,099
Public Works	-	381,724	-	381,724
Health	-	22,843	-	22,843
Capital Outlay	-	70,009	-	70,009
Debt Service:				
Principal Retirement	51	68,971	24,334	93,356
Interest and Fiscal Charges	148	11,596	358	12,102
<i>Total Cash Disbursements</i>	<u>194,852</u>	<u>999,242</u>	<u>24,692</u>	<u>1,218,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,749</u>	<u>39,839</u>	<u>(1,434)</u>	<u>78,154</u>
Other Financing Receipts (Disbursements)				
Advances In	25,500	25,500	-	51,000
Advances Out	(25,500)	(25,500)	-	(51,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>39,749</u>	<u>39,839</u>	<u>(1,434)</u>	<u>78,154</u>
<i>Fund Cash Balances, January 1</i>	<u>18,443</u>	<u>155,196</u>	<u>6,728</u>	<u>180,367</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	-	-
Restricted	-	142,069	5,294	147,363
Committed	-	52,966	-	52,966
Assigned	2,081	-	-	2,081
Unassigned (Deficit)	56,111	-	-	56,111
<i>Fund Cash Balances, December 31</i>	<u>\$58,192</u>	<u>\$195,035</u>	<u>\$5,294</u>	<u>\$258,521</u>

See accompanying notes to the basic financial statements

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Earnings on Investments	\$ -	\$ 2	\$ 2
<i>Total Operating Cash Receipts</i>	<u>-</u>	<u>2</u>	<u>2</u>
Operating Cash Disbursements			
Purchased Services	-	38	38
Other	937	-	937
<i>Total Operating Cash Disbursements</i>	<u>937</u>	<u>38</u>	<u>975</u>
<i>Operating Income (Loss)</i>	<u>(937)</u>	<u>(36)</u>	<u>(973)</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	937	-	937
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>937</u>	<u>-</u>	<u>937</u>
<i>Net Change in Fund Cash Balances</i>	-	(36)	(36)
<i>Fund Cash Balances, January 1</i>	<u>-</u>	<u>6,769</u>	<u>6,769</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ -</u>	<u>\$ 6,733</u>	<u>\$ 6,733</u>

See accompanying notes to the basic financial statements

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Randolph Township, Portage County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township has a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Portage County Sheriff's Department to provide police services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Road and Bridge Fund: This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

EMT/Ambulance Fund: This fund receives property tax money and charges for services for the general operation of the EMT department.

Debt Service Fund This fund accounts for and reports 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 Retirement Fund The general bond retirement fund accounts for the collection of property taxes collected for the payment of principal and interest on the Township's debt obligations.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 the following fund:

Beverly Bird Sanctuary Fund: This is a private purpose trust fund and utilizes the interest revenue for the upkeep and maintenance of the park system. An amount of \$5,000 must remain intact.

Randolph Suffield Atwater Food Shelf: This fund accounts for the collection of aluminum can recycling money and the disbursement of the collection to the Food Shelf.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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).

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Township Board of Trustees, and submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

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

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

Deposits

The Township pools all available funds of the Township in a checking and interest-bearing savings account.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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.

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.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$212,151	\$234,601	\$22,450
Special Revenue	999,353	1,039,081	39,728
Debt Service	23,260	23,258	(2)
Private Purpose Trust	1	2	1
Agency	2,000	937	(1,063)
Total	\$1,236,765	\$1,297,879	\$61,114

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$217,832	\$196,933	\$20,899
Special Revenue	1,078,045	1,005,109	72,936
Debt Service	24,692	24,692	0
Private Purpose Trust	1,700	37	1,663
Agency	2,000	937	1,063
Total	\$1,324,269	\$1,227,708	\$96,561

Note 4 – Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments during 2015. The carrying amount of deposits at December 31 was as follows:

	2015
Demand deposits	\$265,254
Total deposits	\$265,254

Deposits

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

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

Note 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 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, 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

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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 \$6,000.

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.

Contributions to OTARMA

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$10,989	\$11,079

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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Government</i>	<i>2015</i>	<i>10%</i>	<i>14%</i>

Social Security

The Township's Zoning Boards employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Leases	\$200,392	3.16% - 5.40%
Loans	\$5,020	2.00%
Total	<u>\$200,392</u>	

Amortization

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

Year ending December 31:	<u>Leases</u>	<u>Loans</u>
2016	\$80,566	\$5,095
2017	59,734	
2018	44,839	
2019	11,408	
2020	11,408	
2021	11,408	
Total	<u>\$219,363</u>	<u>\$5,095</u>

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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*

Randolph Township
Portage County
3636 Waterloo Road
P.O. Box 184
Randolph, Ohio 44265

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 Randolph Township, Portage County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 2016-001 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*.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

July 18, 2017

**RANDOLPH TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

<i>Finding Number</i>	2016-001
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MATERIAL WEAKNESS

Paragraph 8 of Governmental Accounting Standards Board Statement No. 54 (GASB 54)(or GASB Cod. 1800.168) provides fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Ohio Rev. Code § 517.08 provides the proceeds arising from the sale of cemetery lots under § 517.07 of the Revised Code shall be used in maintaining, improving beautifying, and embellishing such grounds, and for maintaining and improving entombments. For 2016 and 2015, the Township reported the cemetery fund balances of \$6,864 and \$9,074, respectively, as assigned rather than restricted.

Paragraph 10 of GASB 54 (or GASB Cod. 1800.170) provides amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. In addition, Auditor of State Bulletin 2011-004 suggests reporting the road and bridge fund balance from inside millage as committed. The Road and Bridge Fund has outside millage that should be reported as restricted and inside millage that should be reported as committed; however, because the Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available, the Road and Bridge Fund balance consists entirely of inside millage that should be reported as committed. During 2016 and 2015, the Township reported the road and bridge fund balance of \$45,706 and \$52,008, respectively, as restricted rather than committed.

Paragraph 24 of GASB 54 (or GASB Cod. 1800.184) provides encumbered amounts for specific purposes for which amounts have not been previously restricted, committed or assigned should not be classified as unassigned but, rather, should be included within committed or assigned fund balance, as appropriate, based on the definitions and criteria in paragraphs 10 - 16. In addition, Auditor of State Bulletin 2011-004 provides issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance, unless the purchase order relates to restricted or committed resources. During 2016 and 2015, the Township reported general fund reserved for encumbrances of \$1,541 and \$2,081, respectively, as unassigned rather than assigned.

Paragraph 30 of GASB 54 (or GASB Cod. 1300.105) provides special revenue funds are used to 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. In addition, Auditor of State Bulletin 2011-004 suggests reporting the zoning fund as part of the general fund with an unassigned fund balance. During 2016 and 2015, the zoning fund was reported as a special revenue fund. However, the zoning fund does not have restricted or committed revenue. For 2016, the Township's financial statements have been adjusted to reflect the zoning fund's beginning balance, receipts, disbursements and ending balance of \$5,270, \$4,606, \$2,383 and \$7,493, respectively, from the special revenue funds to the general fund. For 2015, the Township's financial statements have been adjusted to reflect the zoning fund's beginning balance, receipts, disbursements and ending balance of \$2,605, \$7,295, \$4,630 and \$5,270, respectively, from the special revenue funds to the general fund.

Fund Balance Classification

<i>Finding Number</i>	2016-001 (Continued)
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The above errors were caused by confusion over proper classification. The Township's financial statements and accounting system, where applicable, have been adjusted for the above errors.

The Township should implement procedures to ensure fund balances are reported in accordance with GASB 54 and AOS Bulletin 2011-004.

Official's Response:

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



Dave Yost • Auditor of State

RANDOLPH 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
AUGUST 15, 2017