

***RICHFIELD JOINT RECREATION DISTRICT***

***SUMMIT COUNTY, OHIO***

**INITIAL AUDIT**

**For the 6 Months Ended December 31, 2014  
and the 12 Months Ended December 31, 2015**







# Dave Yost • Auditor of State

Board of Trustees  
Richfield Joint Recreation District  
4410 West Streetsboro Road  
Richfield, Ohio 44286

We have reviewed the *Independent Auditor's Report* of the Richfield Joint Recreation District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 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. The Richfield Joint Recreation District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 6, 2016

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**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Richfield Joint Recreation District  
Summit County  
4410 West Streetsboro Road  
Richfield, Ohio 44286

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 the Richfield Joint Recreation District, Summit County, (the District) as of and for the 6 months ended December 31, 2014 and the 12 months ended December 31, 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 District'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 District'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 District 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 basis of accounting and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United State 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 District as of December 31, 2014 and 2015, or changes in financial position thereof for the 6 months and 12 months then ended, respectively.

***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 the Richfield Joint Recreation District, Summit County as of December 31, 2014 and 2015, and its combined cash receipts and disbursements for the 6 months and 12 months then ended, respectively, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the District'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 District's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 16, 2016

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE 12 MONTHS ENDED DECEMBER 31, 2015**

	General	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$ 164,634	\$ 411,584	\$ -	\$ 576,218
Intergovernmental	1,092	2,730	1,088,877	1,092,699
Earnings on Investments	1,737	-	-	1,737
Donations	2,257	-	-	2,257
Miscellaneous	11,053	3,136	-	14,189
<i>Total Cash Receipts</i>	<u>180,773</u>	<u>417,450</u>	<u>1,088,877</u>	<u>1,687,100</u>
<b>Cash Disbursements</b>				
Current:				
Conservation/Recreation:				
Recreation Programs	84,112	-	-	84,112
Administration	3,877	9,478	-	13,355
Capital Outlay	-	-	4,887,033	4,887,033
Debt Service:				
Principal Retirement	40,000	600,000	-	640,000
Interest and Fiscal Charges	-	286,703	-	286,703
<i>Total Cash Disbursements</i>	<u>127,989</u>	<u>896,181</u>	<u>4,887,033</u>	<u>5,911,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	52,784	(478,731)	(3,798,156)	(4,224,103)
<b>Other Financing Receipts (Disbursements)</b>				
Proceeds of Debt	80,000	600,000	7,100,000	7,780,000
Premium on Debt	-	148,660	-	148,660
<i>Total Other Financing Receipts (Disbursements)</i>	<u>80,000</u>	<u>748,660</u>	<u>7,100,000</u>	<u>7,928,660</u>
<i>Net Change in Fund Cash Balances</i>	132,784	269,929	3,301,844	3,704,557
<i>Fund Cash Balances, January 1</i>	<u>13,188</u>	<u>-</u>	<u>-</u>	<u>13,188</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	269,929	3,301,844	3,571,773
Assigned	16,000	-	-	16,000
Unassigned	129,972	-	-	129,972
<i>Fund Cash Balances, December 31</i>	<u>\$ 145,972</u>	<u>\$ 269,929</u>	<u>\$ 3,301,844</u>	<u>\$ 3,717,745</u>

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

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCE  
ALL GOVERNMENTAL FUND TYPES  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014**

	General
<b>Cash Disbursements</b>	
Current:	
Conservation/Recreation:	
Rereation Programs	\$ 26,812
<i>Total Cash Disbursements</i>	26,812
<i>Excess of Receipts Over (Under) Disbursements</i>	(26,812)
<b>Other Financing Receipts (Disbursements)</b>	
Proceeds of Debt	40,000
<i>Total Other Financing Receipts (Disbursements)</i>	40,000
<i>Net Change in Fund Cash Balances</i>	13,188
<i>Fund Cash Balances, January 1</i>	-
<b>Fund Cash Balances, December 31</b>	
Unassigned	13,188
<i>Fund Cash Balances, December 31</i>	\$ 13,188

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

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015**

**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 Richfield Joint Recreation District, Summit County (the District), as a body corporate and politic. On June 3, 2014, the Village of Richfield voted to form the District with Richfield Township. The District was formed under the provisions of Ohio Revised Code Section 755.14 and is a legally separate entity. The District is governed by seven Trustees; three Trustees are appointed by the Village of Richfield; three Trustees are appointed by Richfield Township; and the remaining Trustee is appointed by the District's Board. The purpose of the District is to create programming in recreational, educational, social, cultural, and athletic areas, and to acquire property for constructing, operating, and maintaining parks, playgrounds and play fields. As such, the District acquired the Crowell-Hilaka property in Richfield Township as parks and spaces for governmental, civic educational or recreational activities for the benefit of all citizens. The Village of Richfield serves as the fiscal agent for the District.

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

**B. 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. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 District'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.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District 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.

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

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

**D. Fund Accounting (continued)**

**2. Debt Service Fund**

This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. The District had the following significant Debt Service Fund:

Bond Retirement – This fund accounts for property tax revenue received for the repayment of bond issues.

**3. Capital Project Fund**

This fund accounts for financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Capital Improvement – This fund accounts for grant revenue and the expenditure of bond proceeds for capital improvements within the District.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary disbursements (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 District Board must annually approve appropriation measures and subsequent amendments.

**2. 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.

**3. Encumbrances**

The Ohio Revised Code requires the District 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.

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

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

**F. Fund Balance (continued)**

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

**1. Nonspendable**

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

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

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

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

	2015	2014
Demand deposits	\$ 3,717,745	\$ 13,188

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution's public entity deposit pool to the District.

**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	\$ 165,392	\$ 260,773	\$ 95,381
Debt Service	1,162,140	1,166,110	3,970
Capital Projects	8,189,230	8,188,877	(353)

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 165,000	\$ 143,989	\$ 21,011
Debt Service	905,000	896,181	8,819
Capital Projects	5,287,710	4,894,531	393,179

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,000	\$ 40,000	\$ -

2014 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 40,000	\$ 26,812	\$ 13,188

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 7,100,000	5%
General Obligation Notes	80,000	1.85%
Total	\$ 7,180,000	

The District issued \$7.1 million recreational facilities improvement bonds in July 2015. These general obligation bonds were issued to finance the purchase of the Crowell-Hilaka property for the purpose of constructing, furnishing, equipping and otherwise improving recreational facilities and acquiring, clearing, improving and equipping their sites. The bonds mature December 31, 2042. The District requested a 1.25 mill property tax levy for the bonds that voters approved on November 4, 2014.

The District also issued \$80,000 Tax Anticipation Notes, Series 2015 in January 2015. These Tax Anticipation Notes were issued to borrow money in anticipation of the collection of a fraction of the approved 0.5 mill property tax levy approved on November 4, 2014. The 0.5 mill property tax levy, for 10 years, is for parks and recreational purposes, including acquiring, maintaining and operating recreational facilities and community centers. The notes mature January 30, 2016 and have a 1.85% interest rate.

The District also issued \$600,000 a Recreational Facilities Improvement Note, Series 2015 in January 2015. This note was issued to borrow money in anticipation of the of the issuance of improvement bonds for the purpose of constructing, furnishing, equipping and otherwise improving recreational facilities and acquiring, clearing, improving and equipping their sites. The note matured July 1, 2015, was paid off, and had a 1% interest rate.

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

**5. Debt (continued)**

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

Year ending December 31:	General Obligation Bonds	General Obligation Notes
2016	\$ 436,375	\$ 81,480
2017	439,475	-
2018	437,475	-
2019	439,475	-
2020	451,325	-
2021-2025	2,255,625	-
2026-2030	2,474,488	-
2031-2035	2,712,125	-
2036-2040	2,833,675	-
2041-2042	1,133,475	-
Total	<u>\$ 13,613,513</u>	<u>\$ 81,480</u>

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For both 2015 and 2014, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

**7. Risk Management**

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

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

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED DECEMBER 31, 2014  
AND THE 12 MONTHS ENDED DECEMBER 31, 2015  
(Continued)**

**7. Risk Management (continued)**

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

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

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

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

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

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

**8. Contingent Liabilities**

The District may be defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the District's financial condition.

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

Richfield Joint Recreation District  
Summit County  
4410 West Streetsboro Road  
Richfield, Ohio 44286

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 the Richfield Joint Recreation District, Summit County, (the District) as of and for the 6 months ended December 31, 2014 and the 12 months ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated June 16, 2016, wherein we noted the District 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 District'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 District'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 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 District'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

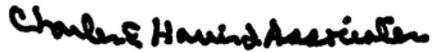
We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 16, 2016.

***Entity's Response to Finding***

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District'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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
June 16, 2016

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2015-001 – Noncompliance**

**Fiscal Officer’s Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for payment of the amount due. The District has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The District may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not make the proper certification of funds for 3 out of 10 items tested for 2014 and 9 out of 20 items tested for 2015.

**RICHFIELD JOINT RECREATION DISTRICT  
SUMMIT COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</b>
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**Finding Number: 2015-001 – Noncompliance (continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's expenditures exceeding budgetary spending limitations, we recommend that the District certify expenditures prior to incurring the liability. This will assist in keeping adequate controls over disbursements and encumbrances.

**Management's Response:**

We will be more diligent in making sure we certify expenditures prior to incurring the liabilities.



# Dave Yost • Auditor of State

**RICHFIELD JOINT RECREATION DISTRICT**

**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  
SEPTEMBER 20, 2016**