

RICHFIELD TOWNSHIP
SUMMIT COUNTY

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014



Dave Yost • Auditor of State

Board of Trustees
Richfield Township
3038 Boston Mills Road
Brecksville, Ohio 44141

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

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

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

Dave Yost
Auditor of State

August 22, 2016

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**RICHFIELD TOWNSHIP
SUMMIT COUNTY
Audit Report
For the years ended December 31, 2015 and 2014**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

INDEPENDENT AUDITORS' REPORT

Richfield Township
Summit County
3038 Boston Mills Road
Brecksville, Ohio 44141

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 Richfield Township, Summit County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2014, we noted a prior period adjustment in the fund balance to reclassify the Special Revenue – Zoning Fund as part of the General Fund to comply with Government Standards Board (GASB) Statement No. 54. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris and Associates, Inc.

June 28, 2016

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$261,435	\$1,293,222	\$1,575	\$0	\$1,556,232
Licenses, Permits and Fees	77,249	0	0	0	77,249
Fines and Forfeitures	1,892	0	0	0	1,892
Intergovernmental	141,676	332,747	0	0	474,423
Earnings on Investments	972	30	0	0	1,002
Miscellaneous	18,999	2,820	0	0	21,819
<i>Total Cash Receipts</i>	<u>502,223</u>	<u>1,628,819</u>	<u>1,575</u>	<u>0</u>	<u>2,132,617</u>
Cash Disbursements					
Current:					
General Government	437,613	0	0	0	437,613
Public Safety	0	1,041,782	0	0	1,041,782
Public Works	786,204	424,272	0	0	1,210,476
Health	52,429	0	0	0	52,429
Conservation-Recreation	28,215	0	0	0	28,215
Capital Outlay	70,049	0	0	0	70,049
Debt Service:					
Principal Retirement	0	0	1,575	0	1,575
<i>Total Cash Disbursements</i>	<u>1,374,510</u>	<u>1,466,054</u>	<u>1,575</u>	<u>0</u>	<u>2,842,139</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(872,287)	162,765	0	0	(709,522)
Other Financing Receipts (Disbursements)					
Sale of Bonds	610,000	0	0	0	610,000
<i>Total Other Financing Receipts (Disbursements)</i>	610,000	0	0	0	610,000
Extraordinary Item - Insurance Reimbursement for Fire	20,998	0	0	0	20,998
<i>Net Change in Fund Cash Balances</i>	(241,289)	162,765	0	0	(78,524)
<i>Fund Cash Balances, January 1</i>	<u>1,157,345</u>	<u>408,141</u>	<u>787</u>	<u>93,869</u>	<u>1,660,142</u>
Fund Cash Balances, December 31					
Restricted	0	570,906	787	93,869	665,562
Assigned	2,924	0	0	0	2,924
Unassigned	913,132	0	0	0	913,132
<i>Fund Cash Balances, December 31</i>	<u><u>\$916,056</u></u>	<u><u>\$570,906</u></u>	<u><u>\$787</u></u>	<u><u>\$93,869</u></u>	<u><u>\$1,581,618</u></u>

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

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$260,941	\$1,116,485	\$1,575	\$0	\$1,379,001
Licenses, Permits and Fees	69,004	0	0	0	69,004
Fines and Forfeitures	2,743	0	0	0	2,743
Intergovernmental	133,390	368,758	0	0	502,148
Earnings on Investments	817	25	0	0	842
Miscellaneous	11,288	4,043	0	0	15,331
<i>Total Cash Receipts</i>	<u>478,183</u>	<u>1,489,311</u>	<u>1,575</u>	<u>0</u>	<u>1,969,069</u>
Cash Disbursements					
Current:					
General Government	472,311	0	0	0	472,311
Public Safety	0	1,095,031	0	0	1,095,031
Public Works	159,181	441,609	0	0	600,790
Health	51,865	0	0	0	51,865
Conservation-Recreation	34,934	31,150	0	0	66,084
Capital Outlay	32,133	0	0	0	32,133
Debt Service:					
Principal Retirement	0	0	1,575	0	1,575
<i>Total Cash Disbursements</i>	<u>750,424</u>	<u>1,567,790</u>	<u>1,575</u>	<u>0</u>	<u>2,319,789</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(272,241)	(78,479)	0	0	(350,720)
Extraordinary Item - Insurance Reimbursement for fire	501,613	0	0	0	501,613
<i>Net Change in Fund Cash Balances</i>	229,372	(78,479)	0	0	150,893
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>927,973</u>	<u>486,620</u>	<u>787</u>	<u>93,869</u>	<u>1,509,249</u>
Fund Cash Balances, December 31					
Restricted	0	408,141	787	93,869	502,797
Unassigned	1,157,345	0	0	0	1,157,345
<i>Fund Cash Balances, December 31</i>	<u>\$1,157,345</u>	<u>\$408,141</u>	<u>\$787</u>	<u>\$93,869</u>	<u>\$1,660,142</u>

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Richfield Township, Summit County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Richfield to provide police protection and fire and emergency medical services.

The Township participates in the Richfield Light Industrial/Office Joint Economic Development District (JEDD), a jointly governed organization. The JEDD was formed by Richfield Township and the Village of Richfield in accordance with Sections 715.72 through 715.82 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of October 24, 2005. The Village of Richfield is the fiscal agent of JEDD. Note 10 to the financial statement provides additional information.

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.

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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:

Police District Fund - This fund receives property tax money for providing police protection service to Township residents.

Fire Levy Fund - This fund receives property tax money for providing fire and emergency medical service to Township residents.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township's significant debt service fund, the General (Note) Retirement Fund, accounts for resources accumulated for paying two Ohio Public Works Commission (OPWC) loans.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township's only capital projects fund was the Permanent Improvement Service Area Fund, which was used to account for resources to improve the Township's service garage area.

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 and 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.

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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	(\$23,382)	(\$9,858)
Repurchase agreement	1,605,000	1,670,000
Total deposits and investments	\$1,581,618	\$1,660,142

The negative demand deposits are due to overnight investments in repurchase agreements.

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

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

3. BUDGETARY ACTIVITY

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

Fund Type	2015 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,104,448	\$1,133,221	\$28,773
Special Revenue	1,542,295	1,628,819	86,524
Debt Service	1,575	1,575	0
Capital Projects	0	0	0

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY – (continued)

2015 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursement	Variance
General	\$2,253,224	\$1,377,434	\$875,790
Special Revenue	1,950,436	1,472,154	478,282
Debt Service	1,575	1,575	0
Capital Projects	93,869	0	93,869

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,126,906	\$979,796	(\$147,110)
Special Revenue	1,358,489	1,489,311	130,822
Debt Service	1,575	1,575	0
Capital Projects	0	0	0

2014 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,054,878	\$750,424	\$1,304,454
Special Revenue	1,690,057	1,567,790	122,267
Debt Service	2,362	1,575	787
Capital Projects	90,613	0	90,613

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.

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

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$610,000	2.710%
Ohio Public Works Commission Loans	24,752	0%
Total	\$634,752	

The Township issued general obligation bonds to finance the construction of the Township service garage. The Township's taxing authority collateralized the bonds.

The Ohio Public Works Commission (OPWC) issued a loan in 1998 to finance the replacement of the culvert on Briarwood Road. Additionally, an OPWC loan to replace a culvert on Whitethorn Circle was entered into in 2010. Both loans are interest free.

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

Year ending December 31:	OPWC Loans	General Obligation Bonds	
		Principal	Interest
2016	\$1,575	\$35,000	\$16,531
2017	1,575	35,000	15,582
2018	900	35,000	14,634
2019	900	40,000	13,685
2020	900	40,000	12,601
2021-2025	4,500	215,000	46,339
2026-2030	4,500	210,000	14,498
2031-2035	4,500		
2036-2040	4,500		
2041	902		
Total	\$24,752	\$610,000	\$133,870

In 2014, the Township entered into a lease purchase agreement with First Merit Bank for one 2015 Freightliner M2-106 Snowplow Truck in the amount of \$115,515; one 2015 Ford F550 Dump Truck in the amount of \$69,874; and one used 2002 case Backhoe in the amount of \$39,900. The total lease of \$225,289 is payable in 14 semi-annual installments of \$18,320 computed on the basis of interest at the rate of 3.56%. The Village commenced payments on the leases in 2015.

7. RETIREMENT SYSTEM

The Township belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is 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 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Township provides health insurance and dental and vision coverage to full-time employees through a private carrier.

The Township pays the Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

9. CONTINGENT LIABILITIES

The Township is not a defendant in any lawsuit.

10. JOINTLY GOVERNED ORGANIZATIONS

The Township participates in the Richfield Light Industrial/Office Joint Economic Development District (JEDD). The Township and the Village of Richfield formed the JEDD in accordance with Sections 715.12 through 715.82 of the Revised Code for their mutual benefit and for the benefit of their residents and the State of Ohio as of October 24, 2005. The JEDD Board of Directors consists of five members; one Township Trustee; the Mayor or an elected member of the Village Council; one representative business owner in the JEDD; one member representing persons working in the JEDD; and one member appointed by the preceding four members. The JEDD shall facilitate economic development, create or preserve jobs and employment opportunities and improve the economic welfare of the people. The Village acts as the fiscal agent to the JEDD.

The Board adopted a resolution to levy an income tax on all income as defined in the Village's Income tax ordinance at a rate of two percent in the JEDD in accordance with Section 714.74 of the Ohio Revised Code. Ten percent of the collected income tax will be distributed, five percent going to the Township and five percent going to the Village. The balance (ninety-percent) will be distributed in accordance with the JEDD agreement. The JEDD is also providing access to water service from the water system of the City of Cleveland.

11. FUND BALANCE RESTATEMENT

Fund balances as of January 1, 2014 have been restated to reclassify Special Revenue - Zoning Fund as part of the General Fund to comply with GASB 54 requirements.

	General Fund	Special Revenue
Fund Balance, Dec. 31, 2013	\$ 902,599	\$ 511,994
Zoning Fund Balance	25,374	(25,374)
Restated Fund Balance, Jan. 1, 2014	\$ 927,973	\$ 486,620

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

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

Richfield Township
Summit County
3038 Boston Mills Road
Brecksville, Ohio 44141

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 Richfield Township, Summit County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 28, 2016, 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. We also noted a prior period adjustment for 2014 to reclassify the Special Revenue – Zoning Fund as part of the General Fund to comply with Government Standards Board (GASB) Statement No. 54.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2016.

Entity's Response to Finding

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
June 28, 2016

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

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

- In 2014 and 2015, cable franchise fees of \$32,246 and \$40,361, respectively, were reported as miscellaneous receipts.
- In 2014, the homestead and rollback receipts of \$26,928 were recorded as advance-In instead of intergovernmental receipts.
- The Zoning Fund was not rolled into to the General Fund as required by Government Accounting Standards Board (GASB) 54. The General Fund licenses, permits and fees receipts were understated by \$10,685 and \$18,638 in 2014 and 2015, respectively and the Special Revenue licenses, permits and fees were overstated. The General Fund general government disbursements were understated by \$34,864 and \$10,513 in 2014 and 2015, respectively, and the Special Revenue licenses, permits and fees were overstated.

Adjustments were made in the financial statements and the Township records to reflect this activity.

The Ohio Township Handbook and UAN provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

Management Response:

The Township will post franchise fees and other receipts in line with the UAN guideline for classifying accounts. Township will consider closing the Zoning Fund and start booking all zoning receipts into the General Fund.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code Section 505.84 – recording of fire, rescue and EMS reimbursements	Yes	Finding no longer valid
2013-002	Bank reconciliation	Yes	Finding no longer valid



Dave Yost • Auditor of State

RICHFIELD TOWNSHIP

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 1, 2016**