

***RICHFIELD TOWNSHIP***

***SUMMIT COUNTY***

**Audit Report**

**For the Years Ended December 31, 2017 and 2016**







# 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, 2016 through December 31, 2017. 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 cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 27, 2018

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**RICHFIELD TOWNSHIP  
SUMMIT COUNTY**

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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*

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## **INDEPENDENT AUDITOR'S 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, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***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 such 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, 2017 and 2016, and the 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 cash balances, receipts and disbursements by fund type, and related notes of Richfield Township, Summit County as of December 31, 2017 and 2016, 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 24, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
July 24, 2018



**Richfield Township**  
**Summit County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 218,034	\$ 1,358,162	\$ 52,157	\$ -	\$ 1,628,353
Licenses, Permits and Fees	46,854	-	-	-	46,854
Fines and Forfeitures	2,386	-	-	-	2,386
Intergovernmental	142,896	316,971	-	-	459,867
Earnings on Investments	187	6	-	-	193
Miscellaneous	41,719	3,235	-	-	44,954
<i>Total Cash Receipts</i>	452,076	1,678,374	52,157	-	2,182,607
<b>Cash Disbursements</b>					
Current:					
General Government	365,308	19,863	-	-	385,171
Public Safety	-	1,106,146	-	-	1,106,146
Public Works	137,272	401,689	-	-	538,961
Health	53,269	-	-	-	53,269
Conservation-Recreation	23,171	28,576	-	-	51,747
Capital Outlay	-	-	-	11,951	11,951
Debt Service:					
Principal Retirement	28,882	-	36,575	-	65,457
Interest and Fiscal Charges	7,759	-	15,582	-	23,341
<i>Total Cash Disbursements</i>	615,661	1,556,274	52,157	11,951	2,236,043
<i>Excess of Receipts Over (Under) Disbursements</i>	(163,585)	122,100	-	(11,951)	(53,436)
<b>Other Financing Receipts (Disbursements)</b>					
Advances In	20,000	20,000	-	-	40,000
Advances Out	(20,000)	(20,000)	-	-	(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	-	-	-	-	-
<i>Net Change in Fund Cash Balances</i>	(163,585)	122,100	-	(11,951)	(53,436)
<i>Fund Cash Balances, January 1</i>	433,988	613,280	787	89,964	1,138,019
<b>Fund Cash Balances, December 31</b>					
Restricted	-	735,380	787	78,013	814,180
Assigned	235,558	-	-	-	235,558
Unassigned	34,845	-	-	-	34,845
<i>Fund Cash Balances, December 31</i>	\$ 270,403	\$ 735,380	\$ 787	\$ 78,013	\$ 1,084,583

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

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**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Richfield Township, Summit County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government 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.

***Jointly Governed Organizations***

The Township participates in the Richfield Light Industrial/Office Joint Economic Development District (JEDD), and the Richfield Joint Recreation District, both jointly governed organizations. Note 10 to the financial statements provides additional information for these entities.

**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 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 to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Police District Fund*** The police district fund accounts for and reports the receipt of property tax revenue restricted to providing police protection services to Township residents.

***Fire District Fund*** The fire district fund accounts for and reports the receipt of property tax revenue restricted to providing fire and emergency medical services to Township residents.

***Debt Service Fund*** These funds account for and report financial resources that are restricted to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

***General (Note) Retirement Fund*** The general (note) retirement fund accounts for and reports the receipt of property tax revenue restricted for the retirement of two Ohio Public Works Commission (OPWC) loans.

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**Capital Project Fund** These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

**Permanent Improvement Service Area Fund** The permanent improvement service area fund accounts for and reports the resources restricted to improve the Township's service garage area.

***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 Township 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 disbursements 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.

***Budgetary Process***

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

**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 Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

**Encumbrances** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

***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.

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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*** The 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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

***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*  
*For the Year Ended December 31, 2017*

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 459,126	\$ 452,076	\$ (7,050)
Special Revenue	1,627,940	1,678,374	50,434
Debt Service	52,157	52,157	-
Capital Projects	-	-	-

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 812,466	\$ 615,661	\$ 196,805
Special Revenue	2,219,201	1,556,274	662,927
Debt Service	52,944	52,157	787
Capital Projects	89,964	11,951	78,013

**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 carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$ 1,084,583

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the Ohio Pooled Collateral System (OPCS).

**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.

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*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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 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.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All Township 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, 2017.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 540,000	2.71%
OPWC Loans	21,602	0.00%
Equipment Lease	137,607	3.56%
Total	\$ 699,209	

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 Whitehorn Circle was entered into in 2010. Both loans are interest free.

***Leases***

The Township two vehicles and other equipment under noncancelable leases. The Township disbursed \$36,641 to pay lease costs for the year ended December 31, 2017.

***Amortization***

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2018	\$ 36,641	\$ 49,634	\$ 900
2019	36,640	53,686	900
2020	36,641	52,601	900
2021	36,640	51,518	900
2022	-	50,433	900
2023-2027	-	269,417	4,500
2028-2032	-	114,471	4,500
2033-2037	-	-	4,500
2038-2042	-	-	3,602
Total	\$ 146,562	\$ 641,760	\$ 21,602



**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – Jointly Governed Organization**

Richfield Light Industrial/Office Join Economic Development District (JEDD)

The Township participates in the Richfield Light Industrial/Office Join 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 Ohio 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 for 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 2% in the JEDD in accordance with Section 714.74 of the Ohio Revised Code. 10% of the collected income tax will be distributed, 5% going to the Township and 5% going to the Village. The balance (90%) 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.

Richfield Joint Recreation District (RJRD)

The Village of Richfield and Richfield Township formed the RJRD in accordance with Sections 755.14 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of July 4, 2014. The District is a legally separate entity. The RJRD Board of Trustees consists of seven trustees; the Village Council and Richfield Township shall each appoint two individuals residing within the respective appointing subdivision to serve on the Board of Trustees and shall each appoint one additional Trustee who may reside inside or outside the District. One at-large Trustee residing within the District shall be appointed by a majority vote of the six subdivision-appointed members of the Board of Trustees.

The voters approved on November 4, 2014 two levies for the RJRD. The first was a .5 mil operations levy for 10 years. The second was a \$7.1 million improvement bond levy at 1.25 mils for 28 years. The RJRD provides community programming in recreational, educational, social, cultural and athletic areas, and it acquires property for constructing, operating, and maintaining parks, playgrounds, play fields, and to preserve and protect real property with valuable natural features as parks and spaces for governmental, civic educational or recreational activities for the benefit of all citizens. The RJRD is being handled through an agency fund in the Village's financial records.

**Note 11 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

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**Richfield Township**  
**Summit County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 214,591	\$ 1,344,981	\$ 53,106	\$ -	\$ 1,612,678
Licenses, Permits and Fees	45,797	-	-	-	45,797
Fines and Forfeitures	2,439	-	-	-	2,439
Intergovernmental	128,874	307,192	-	-	436,066
Earnings on Investments	696	21	-	-	717
Miscellaneous	66,022	113	-	-	66,135
<i>Total Cash Receipts</i>	458,419	1,652,307	53,106	-	2,163,832
<b>Cash Disbursements</b>					
Current:					
General Government	445,199	21,257	-	-	466,456
Public Safety	-	1,065,402	-	-	1,065,402
Public Works	156,194	515,774	-	-	671,968
Health	51,708	-	-	-	51,708
Conservation-Recreation	26,250	7,500	-	-	33,750
Capital Outlay	224,220	-	-	3,905	228,125
Debt Service:					
Principal Retirement	29,918	-	36,575	-	66,493
Interest and Fiscal Charges	6,998	-	16,531	-	23,529
<i>Total Cash Disbursements</i>	940,487	1,609,933	53,106	3,905	2,607,431
<i>Net Change in Fund Cash Balances</i>	(482,068)	42,374	-	(3,905)	(443,599)
<i>Fund Cash Balances, January 1</i>	916,056	570,906	787	93,869	1,581,618
<b>Fund Cash Balances, December 31</b>					
Restricted	-	613,280	787	89,964	704,031
Assigned	353,340	-	-	-	353,340
Unassigned	80,648	-	-	-	80,648
<i>Fund Cash Balances, December 31</i>	\$ 433,988	\$ 613,280	\$ 787	\$ 89,964	\$ 1,138,019

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

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**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

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**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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***Fund Accounting***

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***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted 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*** The road and bridge fund accounts for and reports the receipt of property tax revenue restricted to constructing, maintaining and repairing Township roads and bridges.

***Police District Fund*** The police district fund accounts for and reports the receipt of property tax revenue restricted to providing police protection services to Township residents.

***Fire District Fund*** The fire district fund accounts for and reports the receipt of property tax revenue restricted to providing fire and emergency medical services to Township residents.

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**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**General (Note) Retirement Fund** The general (note) retirement fund accounts for and reports the receipt of property tax revenue restricted for the retirement of two Ohio Public Works Commission (OPWC) loans.

**Capital Project Fund** These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

**Permanent Improvement Service Area Fund** The permanent improvement service area fund accounts for and reports the resources restricted to improve the Township's service garage area.

***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 Township 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 disbursements 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.

***Budgetary Process***

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

**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 Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

**Encumbrances** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

***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.

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***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*** The 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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

***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*  
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*For the Year Ended December 31, 2016*

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 460,435	\$ 458,419	\$ (2,016)
Special Revenue	1,656,128	1,652,307	(3,821)
Debt Service	53,106	53,106	-
Capital Projects	-	-	-

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,376,491	\$ 940,487	\$ 436,004
Special Revenue	2,227,032	1,609,933	617,099
Debt Service	53,893	53,106	787
Capital Projects	93,869	3,905	89,964

**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 carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	\$ 1,138,019

***Deposits***

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

**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.

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*  
*For the Year Ended December 31, 2016*

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**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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 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.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All Township 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.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 575,000	2.71%
OPWC Loans	23,177	0.00%
Equipment Lease	166,489	3.56%
Total	\$ 764,666	

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 Whitehorn Circle was entered into in 2010. Both loans are interest free.

***Leases***

The Township two vehicles and other equipment under noncancelable leases. The Township disbursed \$36,641 to pay lease costs for the year ended December 31, 2016.

***Amortization***

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans
2017	\$ 36,640	\$ 50,582	\$ 1,575
2018	36,641	49,634	900
2019	36,640	53,686	900
2020	36,641	52,601	900
2021	36,640	51,518	900
2022-2026	-	265,514	4,500
2027-2031	-	168,807	4,500
2032-2036	-	-	4,500
2037-2041	-	-	4,502
Total	\$ 183,202	\$ 692,342	\$ 23,177

**Richfield Township**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 10 – Jointly Governed Organization**

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 Ohio 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 for 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 2% in the JEDD in accordance with Section 714.74 of the Ohio Revised Code. 10% of the collected income tax will be distributed, 5% going to the Township and 5% going to the Village. The balance (90%) 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.

Richfield Joint Recreation District (RJRD)

The Village of Richfield and Richfield Township formed the RJRD in accordance with Sections 755.14 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of July 4, 2014. The District is a legally separate entity. The RJRD Board of Trustees consists of seven trustees; the Village Council and Richfield Township shall each appoint two individuals residing within the respective appointing subdivision to serve on the Board of Trustees and shall each appoint one additional Trustee who may reside inside or outside the District. One at-large Trustee residing within the District shall be appointed by a majority vote of the six subdivision-appointed members of the Board of Trustees.

The voters approved on November 4, 2014 two levies for the RJRD. The first was a .5 mil operations levy for 10 years. The second was a \$7.1 million improvement bond levy at 1.25 mils for 28 years. The RJRD provides community programming in recreational, educational, social, cultural and athletic areas, and it acquires property for constructing, operating, and maintaining parks, playgrounds, play fields, and to preserve and protect real property with valuable natural features as parks and spaces for governmental, civic educational or recreational activities for the benefit of all citizens. The RJRD is being handled through an agency fund in the Village's financial records.

**Note 11 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

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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*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 24, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

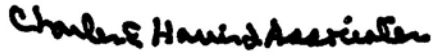
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 24, 2018.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**  
June 24, 2018

**RICHFIELD TOWNSHIP  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
December 31, 2017 and 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Material Weakness – classification of accounts	Corrected	

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# 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  
OCTOBER 9, 2018**