



Dave Yost • Auditor of State

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Richfield Township
Summit County
4410 W. Streetsboro Road
Richfield, Ohio 44286

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Richfield Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Richfield Township, Summit County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2014

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$259,958	\$1,119,549	\$1,575		\$1,381,082
Licenses, Permits and Fees	49,767	30,361			80,128
Fines and Forfeitures	2,012				2,012
Intergovernmental	170,726	320,338			491,064
Earnings on Investments	1,518	47			1,565
Miscellaneous	5,319	4,039			9,358
<i>Total Cash Receipts</i>	<u>489,300</u>	<u>1,474,334</u>	<u>1,575</u>		<u>1,965,209</u>
Cash Disbursements					
Current:					
General Government	353,099	13,584			366,683
Public Safety		995,165			995,165
Public Works	189,841	325,053			514,894
Health	51,865				51,865
Conservation-Recreation	30,912				30,912
Debt Service:					
Principal Retirement	450		1,125		1,575
<i>Total Cash Disbursements</i>	<u>626,167</u>	<u>1,333,802</u>	<u>1,125</u>		<u>1,961,094</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(136,867)</u>	<u>140,532</u>	<u>450</u>		<u>4,115</u>
<i>Fund Cash Balances, January 1</i>	<u>1,039,466</u>	<u>371,462</u>	<u>337</u>	<u>\$93,869</u>	<u>1,505,134</u>
Fund Cash Balances, December 31					
Restricted		486,620	787	93,869	581,276
Committed		25,374			25,374
Assigned	7,000				7,000
Unassigned	895,599				895,599
<i>Fund Cash Balances, December 31</i>	<u>\$902,599</u>	<u>\$511,994</u>	<u>\$787</u>	<u>\$93,869</u>	<u>\$1,509,249</u>

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$258,799	\$863,412	\$675		\$1,122,886
Licenses, Permits and Fees	56,594	14,129			70,723
Fines and Forfeitures	2,048				2,048
Intergovernmental	145,668	243,514			389,182
Earnings on Investments	1,895	64			1,959
Miscellaneous	19,124	517			19,641
<i>Total Cash Receipts</i>	<u>484,128</u>	<u>1,121,636</u>	<u>675</u>		<u>1,606,439</u>
Cash Disbursements					
Current:					
General Government	355,145	8,895			364,040
Public Safety	7,587	953,465			961,052
Public Works	257,968	314,867			572,835
Health	52,435				52,435
Conservation-Recreation	25,350	7,741			33,091
Capital Outlay	12,700				12,700
Debt Service:					
Principal Retirement	900		675		1,575
<i>Total Cash Disbursements</i>	<u>712,085</u>	<u>1,284,968</u>	<u>675</u>		<u>1,997,728</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(227,957)</u>	<u>(163,332)</u>			<u>(391,289)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,267,423</u>	<u>534,794</u>	<u>337</u>	<u>\$93,869</u>	<u>1,896,423</u>
Fund Cash Balances, December 31					
Restricted		362,863	337	93,869	457,069
Committed		8,599			8,599
Unassigned	1,039,466				1,039,466
<i>Fund Cash Balances, December 31</i>	<u>\$1,039,466</u>	<u>\$371,462</u>	<u>\$337</u>	<u>\$93,869</u>	<u>\$1,505,134</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, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Richfield Township, Summit County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees and publicly-elected Fiscal Officer 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 for JEDD. See Note 9 to the financial statements 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 the Auditor of State prescribes or permits. 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (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 Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township's only 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 legal 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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (continued)

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	(\$10,751)	(\$19,865)
Repurchase agreement	1,520,000	1,525,000
Total deposits and investments	\$1,509,249	\$1,505,135

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

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$463,750	\$489,300	\$25,550
Special Revenue	1,366,122	1,474,334	108,212
Debt Service	1,575	1,575	0
Capital Projects			0
Total	<u>\$1,831,447</u>	<u>\$1,965,209</u>	<u>\$133,762</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,524,396	\$633,167	\$891,229
Special Revenue	1,714,621	1,333,802	380,819
Debt Service	1,912	1,125	787
Capital Projects	93,869		93,869
Total	<u>\$3,334,798</u>	<u>\$1,968,094</u>	<u>\$1,366,704</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$499,643	\$484,128	(\$15,515)
Special Revenue	1,085,523	1,121,636	36,113
Debt Service	675	675	0
Capital Projects			0
Total	<u>\$1,585,841</u>	<u>\$1,606,439</u>	<u>\$20,598</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,765,282	\$712,085	\$1,053,197
Special Revenue	1,611,643	1,284,968	326,675
Debt Service	1,012	675	337
Capital Projects	93,869		93,869
Total	<u>\$3,471,806</u>	<u>\$1,997,728</u>	<u>\$1,474,078</u>

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

4. Property Tax

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

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$27,902	0%

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. The first payment of the loan was made in 2012. Both loans are interest free

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

Year ending December 31:	OPWC Loans
2014	\$1,575
2015	1,575
2016	1,575
2017	1,575
2018	900
2019-2023	4,500
2024-2028	4,500
2029-2033	4,500
2034-2038	4,500
2039-2041	2,702
Total	\$27,902

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

6. Retirement System

Employees of the Township 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 2013 and 2012, OPERS members contributed 10% respectively, of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. 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.

8. Contingent Liabilities

The Township is defendant in a zoning lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

9. Joint Economic Development District

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.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

9. Joint Economic Development District (continued)

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.

10. Subsequent Events

On August 19, 2014, the Township experience a total loss of their service garage and equipment contained in their service garage due to fire. The equipment was insured for the replacement value only. The building and contents were insured for a maximum replacement value of \$452,057. Any remaining cost to rebuild the service garage and replacement equipment that was not insured will be paid from the resources in the General Fund. The total replacement and rebuilding cost has not been determined at this time.



Dave Yost • Auditor of State

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

Richfield Township
Summit County
4410 W. 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 Richfield Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2014

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2013-001

Material Weakness/Noncompliance Finding:

Ohio Rev. Code § 505.84 indicates a board of township trustees may establish reasonable charges for the use of fire and rescue services, ambulance services, or emergency medical services. Additionally, charges collected under this section shall be kept in a separate fund used for the township's payment of costs associated with the operation of fire, rescue services, ambulance services, and emergency medical services. **Op. Att'y Gen. No. 2014-006 (conclusion, part 4)** indicates a township may hire a company to send out bills on behalf of the township for the use of fire and rescue, ambulance, or emergency medical services, provided they are charges the township may lawfully collect, and further provided that the charges are paid to the township and deposited in the fire and rescue services, ambulance services and emergency medical services fund, as required by Ohio Rev. Code § 505.84.

The Township contracted with the Village of Richfield for fire protection and emergency medical services. Pursuant to the contract, the Township paid the Village a flat rate for fire protection and emergency medical services from its Fire Levy Fund. Semi-annually the Village paid the Township the net proceeds (less collection costs) received from insurance providers for services rendered in the Township.

The insurance reimbursements received from the Village of Richfield pursuant to this agreement were initially recorded in the General Fund instead of Fire Levy Fund. As such, in 2013 and 2012, General Fund intergovernmental receipts and cash fund balance were overstated by \$41,466 and \$23,873, respectively, and Special Revenue Funds' intergovernmental receipts and cash fund balance were understated by corresponding amounts. The financial statements and accounting records were adjusted to correct these errors.

The Township should ensure fire, rescue and emergency medical reimbursements received are recorded in the same fund from which related costs were incurred as required by Ohio Rev. Code § 505.84.

FINDING NUMBER 2013-002

Significant Deficiency - Bank Reconciliation:

A necessary step in the internal control over financial reporting is to reconcile the bank balance(s) to the accounting record's cash balance each month. Bank reconciliation means accounting for the differences between the bank statement balance(s) and the accounting record's cash and investment balances at a specific point in time.

At December 31, 2013, the Township originally excluded \$7,886 in payroll electronic funds transfers as outstanding items from the bank reconciliation. The Fiscal Officer subsequently identified these excluded transactions.

Without complete and accurate monthly bank reconciliations, the Township's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities.

The Township should include all reconciling items are included on the monthly bank to book reconciliation, to ensure the bank accounts are properly reconciled.

Officials' Response: We did not receive a response from the Township for these findings.

**RICHFIELD TOWNSHIP
SUMMIT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness- The Township did not record revenue and corresponding expenses for OPWC grant funds that were paid directly to the contractor on-behalf-of the Township.	Yes	Finding No Longer Valid.

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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
NOVEMBER 13, 2014**