Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306

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

Office phone - (216) 575-1630
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June 27, 2016

To the Members of the Audit/Finance Committee of
The Village of Richfield
Summit County, Ohio

We have audited the financial statements of the Village of Richfield (the Village), Summit County, Ohio for the year ended December 31, 2015 and 2014, and have issued our report thereon dated June 27, 2016. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards
Generally Accepted in the United States of America

As stated in the Memorandum of Agreement, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of the Memorandum of Agreement, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 2 to the financial statements. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transaction for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Village, either individually or in the aggregate, indicate matters that could have a significant effect on the Village's financial reporting process. We have not noted any material adjustments pursuant to financial statements as of December 31, 2015 and 2014.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Audit/Finance Committee and management of the Village of Richfield, Summit County, Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

CHARLES E. HARRIS & ASSOCIATES, INC.

By: Fabrice Dongo
Title: Senior Auditor

VILLAGE OF RICHFIELD

SUMMIT COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014

Charles E. Harris
& Associates
certified public accountants & government consultants

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
For the Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

Village of Richfield
Summit County
4410 West Streetsboro Road
Richfield, Ohio 44286

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Richfield, Summit County, (the Village) 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 Village'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 Village'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 Village 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 Village 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 Village as of December 31, 2015 and 2014, or changes in financial position, or cash flows 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 the Village of Richfield, 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 10 to the financial statements, during the years December 31, 2015 and 2014, the Village restated its General Fund and Agency Funds' cash fund balances for fund-type classification revisions. 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 27, 2016, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
June 27, 2016

VILLAGE OF RICHFIELD
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	$ 428,616	$ 107,140	-	$ 125,000	$ 660,756
Payment in Lieu of Taxes	-	-	-	218,091	218,091
Muncipal Income Tax	9,163,666	-	-	18,300	9,181,966
Intergovernmental	224,148	277,463	-	75,402	577,013
Special Assessments	-	-	$ 546,354	-	546,354
Charges for Services	1,446,528	105,862	-	28,924	1,581,314
Fines, Licenses and Permits	125,413	4,147	-	615	130,175
Earnings on Investments	17,566	2,180	-	454	20,200
Gifts and Donations	146,832	1,115	-	-	147,947
Insurance Claims and Refunds	13,355	14,682	-	10,739	38,776
Miscellaneous	54,385	-	-	-	54,385
Total Cash Receipts	11,620,509	512,589	546,354	477,525	13,156,977
Cash Disbursements					
Current:					
Security of Persons and Property	4,744,285	121,990	-	-	4,866,275
Public Health Services	70,491	6,716	-	-	77,207
Leisure Time Activities	112,541	218,494	-	-	331,035
Community Environment	238,122	-	-	-	238,122
Basic Utility Services	174,488	15,198	5,371	-	195,057
Transportation	-	2,018,819	-	-	2,018,819
General Government	1,247,897	5,630	-	-	1,253,527
Capital Outlay	-	-	-	2,397,945	2,397,945
Debt Service:					
Principal Retirement	-	-	784,680	90,537	875,217
Interest & Fiscal Charges	-	-	101,806	14,183	115,989
Total Cash Disbursements	6,587,824	2,386,847	891,857	2,502,665	12,369,193
Excess of Receipts Over (Under) Disbursements	5,032,685	(1,874,258)	(345,503)	(2,025,140)	787,784
Other Financing Receipts (Disbursements)					
Sale of Capital Asset	-	-	-	30,000	30,000
Transfers In	-	2,020,000	327,620	2,745,148	5,092,768
Transfers Out	(5,042,768)	-	-	-	(5,042,768)
Other Financing Sources	4,671	40,000	-	-	44,671
Other Financing Uses	-	-	-	(138,927)	(138,927)
Total Other Financing Receipts (Disbursements)	(5,038,097)	2,060,000	327,620	2,636,221	(14,256)
Net Change in Fund Cash Balances	(5,412)	185,742	(17,883)	611,081	773,528
Fund Cash Balances, January 1	3,712,013	804,727	112,027	2,878,405	7,507,172
Fund Cash Balances, December 31					
Restricted	-	915,570	94,144	288,157	1,297,871
Committed	-	74,899	-	3,201,329	3,276,228
Assigned	83,443	-	-	-	83,443
Unassigned	3,623,158	-	-	-	3,623,158
Fund Cash Balances, December 31	$ 3,706,601	$ 990,469	$ 94,144	$ 3,489,486	$ 8,280,700

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Proprietary Fund Types	Fiduciary Fund Types	Total (Memorandum Only)
	Enterprise Fund	Agency	
Operating Cash Receipts:			
Charges for Services	$ 1,395,047	-	$ 1,395,047
Fines, Licenses and Permits	6,000	$ 92,031	98,031
Income Tax	-	55,713	55,713
Miscellaneous	12,289	23,860	36,149
Total Operating Cash Receipts	1,413,336	171,604	1,584,940
Operating Cash Disbursements			
Personal Services	183,892	18,531	202,423
Employee Fringe Benefits	71,399	4,725	76,124
Contractual Services	722,462	415,182	1,137,644
Supplies and Materials	85,778	10,430	96,208
Other	88,356	100,360	188,716
Total Operating Cash Disbursements	1,151,887	549,228	1,701,115
Operating Income (Loss)	261,449	(377,624)	(116,175)
Non-Operating Receipts (Disbursements):			
Property and Other Local Taxes	-	576,218	576,218
Intergovernmental	-	1,092,698	1,092,698
Special Assessments	135,509	-	135,509
Earnings on Investments	518	1,737	2,255
Sale of Bonds	-	7,100,000	7,100,000
Sale of Notes	-	680,000	680,000
Other Debt Proceeds	-	3,076	3,076
Premium and Accrued Interest on Debt	-	148,660	148,660
Miscellaneous Receipts	-	60	60
Capital Outlay	(40,805)	(4,570,809)	(4,611,614)
Principal Retirement	-	(640,000)	(640,000)
Interest and Other Fiscal Charges	-	(300,058)	(300,058)
Other Financing Sources	70,793	-	70,793
Total Non-Operating Receipts (Disbursements)	166,015	4,091,582	4,257,597
Transfers Out	(50,000)	-	(50,000)
Net Change in Fund Cash Balance	377,464	3,713,958	4,091,422
Fund Cash Balance, January 1	2,737,734	102,578	2,840,312
Fund Cash Balance, December 31	$ 3,115,198	$ 3,816,536	$ 6,931,734

See accompanying Notes to the Financial Statements.

VILLAGE OF RICHFIELD
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	$ 425,808	$ 104,537	-	-	$ 530,345
Payment in Lieu of Taxes	-	-	-	$ 313,143	313,143
Muncipal Income Tax	8,806,733	-	-	20,812	8,827,545
Intergovernmental	240,946	299,356	-	23,088	563,390
Special Assessments	-	-	$ 480,623	-	480,623
Charges for Services	1,376,684	108,202	-	18,396	1,503,282
Fines, Licenses and Permits	144,492	14,461	-	343	159,296
Earnings on Investments	10,020	1,160	-	825	12,005
Gifts and Donations	10,370	935	-	7,934	19,239
Insurance Claims and Refunds	102,267	20,703	-	14,256	137,226
Miscellaneous	56,416	1,173	-	-	57,589
Total Cash Receipts	11,173,736	550,527	480,623	398,797	12,603,683
Cash Disbursements					
Current:					
Security of Persons and Property	4,722,388	146,049	-	-	4,868,437
Public Health Services	70,472	3,966	-	-	74,438
Leisure Time Activities	89,792	226,714	-	-	316,506
Community Environment	222,459	-	-	-	222,459
Basic Utility Services	190,350	16,783	-	215	207,348
Transportation	-	2,033,819	-	-	2,033,819
General Government	1,279,651	8,137	-	-	1,287,788
Capital Outlay	-	-	-	1,630,844	1,630,844
Debt Service:					
Principal Retirement	-	-	744,945	23,491	768,436
Interest & Fiscal Charges	-	-	135,400	16,009	151,409
Total Cash Disbursements	6,575,112	2,435,468	880,345	1,670,559	11,561,484
Excess of Receipts Over (Under) Disbursements	4,598,624	(1,884,941)	(399,722)	(1,271,762)	1,042,199
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	-	-	-	125,000	125,000
Transfers In	3,288	2,045,000	482,603	2,060,250	4,591,141
Transfers Out	(4,391,141)	-	-	-	(4,391,141)
Advances In	82,000	-	-	-	82,000
Advances Out	-	-	(82,000)	-	(82,000)
Other Financing Sources	15,723	-	-	-	15,723
Other Financing Uses	-	(40,000)	-	(203,215)	(243,215)
Total Other Financing Receipts (Disbursements)	(4,290,130)	2,005,000	400,603	1,982,035	97,508
Net Change in Fund Cash Balances	308,494	120,059	881	710,273	1,139,707
Fund Cash Balances, January 1, Restated	3,403,519	684,668	111,146	2,168,132	6,367,465
Fund Cash Balances, December 31					
Restricted	-	804,727	112,027	285,054	1,201,808
Committed	-	-	-	2,593,351	2,593,351
Assigned	33,502	-	-	-	33,502
Unassigned	3,678,511	-	-	-	3,678,511
Fund Cash Balances, December 31	$ 3,712,013	$ 804,727	$ 112,027	$ 2,878,405	$ 7,507,172

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Proprietary Fund Types	Fiduciary Fund Types	Total (Memorandum Only)
	Enterprise Fund	Agency	
Operating Cash Receipts:			
Charges for Services	$ 1,346,108	-	1,346,108
Fines, Licenses and Permits	-	$ 96,354	96,354
Income Tax	-	62,167	62,167
Miscellaneous	19,993	10,595	30,588
Total Operating Cash Receipts	1,366,101	169,116	1,535,217
Operating Cash Disbursements			
Personal Services	188,090	3,120	191,210
Employee Fringe Benefits	58,191	382	58,573
Contractual Services	784,299	81,837	866,136
Supplies and Materials	98,894	1,561	100,455
Other	106,584	104,531	211,115
Total Operating Cash Disbursements	1,236,058	191,431	1,427,489
Operating Income (Loss)	130,043	(22,315)	107,728
Non-Operating Receipts (Disbursements):			
Special Assessments	11,292	-	11,292
Other Debt Proceeds	-	40,000	40,000
Capital Outlay	(41,643)	-	(41,643)
Other Financing Sources	70,699	-	70,699
Total Non-Operating Receipts (Disbursements)	40,348	40,000	80,348
Transfers Out	(200,000)	-	(200,000)
Net Change in Fund Cash Balances	(29,609)	17,685	(11,924)
Fund Cash Balance, January 1, Restated	2,767,343	84,893	2,852,236
Fund Cash Balance, December 31	$ 2,737,734	$ 102,578	$ 2,840,312

See accompanying Notes to the Financial Statements.

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 Village of Richfield, Summit County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, sewer utilities, park operations, road repair and maintenance, fire protection services, and police services.

The Village participates in a jointly governed organization and a public entity risk pool. Notes 9 and 11 provide additional information for these organizations. These organizations are:

Public Entity Risk Pool:

Ohio Government Risk Management Plan, a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("members"). The plan was legally separate its member governments.

Jointly Governed Organizations:

Richfield Light Industrial/Office JEDD was formed by the Village of Richfield and Richfield Township in accordance with Sections 715.72 and 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 JEDD Fund is used to account for the income tax collected and distributed from Richfield Township for the extension of water and sewer lines. The Village of Richfield is the fiscal agent for the JEDD.

Richfield Joint Recreation District (RJRD) was formed by the Village of Richfield and Richfield Township in accordance with Section 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 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 Village of Richfield is the fiscal agent for the RJRD.

The Village's management believes these financial statements present all activities for which the Village 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. Council 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 Village'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 Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Parks and Recreation Fund – This fund receives charges for services revenue that is committed to recreation programs of the Village.

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 Village had the following significant Debt Service Funds:

Bond Retirement Fund – This fund is used to account for resources used to repay various bond anticipation notes.

Special Assessment Fund – This fund is used to account for the assessments collected from property owners for the purpose of repaying Ohio Water Development Authority loans obtained for installing sewer lines.

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 Village had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives income tax revenue that is used for general capital improvement and purchase of major equipment.

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Sewer Operations Fund - This fund receives charges for services from residents to cover sewer service costs.

Sanitary Sewer Capital Projects Fund - This fund accounts for resources used to repair, maintain, and construct sanitary sewer lines.

6. Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Funds:

Joint Economic Development District Fund – This fund is used to account for the income tax collected and distributed from Richfield Township for the extension of sewer and water lines. The Village of Richfield is fiscal agent for the District. See Note 10 for additional information.

Mayor's Court Fund – This fund is used to account for court costs and fines collected from the Mayor's Court and disbursed to the Village, State of Ohio, and other local governments.

Richfield Joint Recreation District Funds – These funds are used to account for the real estate taxes collected for community programming in recreational, educational, social, cultural and athletic areas; and/or to pay the debt service and for capital improvements on property for constructing, operating, and maintaining parks, playgrounds, and play fields for the District.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except agency funds) be budgeted annually.

1. Appropriations

Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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 also approve estimated resources.

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried forward to the subsequent year.

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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village 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

Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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 Council or a Village official delegated that authority by resolution or ordinance, 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.

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (continued)

The Village 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 Village 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 Village 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	$7,466,084	$3,416,134
Certificates of deposit	3,840,900	3,840,900
Total deposits	11,306,984	7,257,034
Repurchase agreement	3,905,000	3,090,000
Total deposits and investments	$15,211,984	$10,347,034

The Village also had $450 of petty cash on hand as of December 31, 2015 and 2014.

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

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

3. Budgetary Activity

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

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$14,722,547	$11,625,180	($3,097,367)
Special Revenue	2,572,085	2,572,589	504
Debt Service	874,065	873,974	(91)
Capital Projects	3,403,090	3,252,673	(150,417)
Enterprise	1,620,104	1,620,156	52
Total	$23,191,891	$19,944,572	($3,247,319)

2015 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	$11,918,259	$11,714,035	$204,224
Special Revenue	2,595,716	2,461,934	133,782
Debt Service	894,242	891,857	2,385
Capital Projects	4,090,607	3,576,804	513,803
Enterprise	1,662,974	1,339,216	323,758
Total	$21,161,798	$19,983,846	$1,177,952

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$14,059,642	$11,192,747	($2,866,895)
Special Revenue	2,593,611	2,595,527	1,916
Debt Service	963,694	963,226	(468)
Capital Projects	2,664,755	2,584,047	(80,708)
Enterprise	1,447,591	1,448,092	501
Total	$21,729,293	$18,783,639	($2,945,654)

3. Budgetary Activity (continued)

2014 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	$14,982,553	$10,999,755	$3,982,798
Special Revenue	2,596,025	2,483,591	112,434
Debt Service	893,603	880,345	13,258
Capital Projects	2,879,888	2,279,208	600,680
Enterprise	1,526,691	1,509,401	17,290
Total	$22,878,760	$18,152,300	$4,726,460

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 Village.

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

5. Local Income Tax

The Village levies a municipal income tax of two (2) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bond Anticipation Notes	$ 470,000	0.19-4.53%
Ohio Public Works Commission Loans	476,807	0%
Ohio Water Development Authority Loans	1,087,067	2.93-8.04%
Motorolla Lease Equipment	362,428	2.74%
RFIB, Series 2015 - Richfield Rec	7,100,000	4.50%
TAN, Series 2015 - Richfield Rec	80,000	1.85%
Manuscript Debt-Debt Service Fund	360,000	2.20%
Total	$ 9,936,302	

6. Debt (continued)

The beginning debt balance on the Ohio Water Development Authority Loans was understated by $24,416 while the Manuscript Debt – Debt Service Fund was also understated by $500,000

The Village has two general obligation bond anticipation notes, issued in 2006 and 2010, respectively. The 2006 note was issued in the principal amount of $1,100,000 in anticipation of the issuance of bonds to pay the costs of various capital projects. The 2010 note was issued in the principal amount of $500,000 in anticipation of the issuance of bonds to repay a portion of 2010 maturity of outstanding notes and pay for the costs of the Brecksville Road project and the construction of the administration building. The bond was purchased by the Village Enterprise Fund at a floating interest rate structure. The interest rate determined on the closing date and each redetermination date will be 100% of the MIG1 Note Scale (replacing the Bond Buyer One Year Note Index) for the week preceding the closing date or the redetermination date. The maximum interest on the Note is 2.2% per annum. The initial interest rate will be established in the closing date and will be in effect until the first Redetermination Date. The interest rate will be reset on each redetermination date and will remain in effect until the following redetermination date. The principal will be repaid in installments of $70,000 a year from 2014 through 2019 and $80,000 in 2020.

The Ohio Public Work's Commission (OPWC) project loans were obtained for the purpose of extending the City of Cleveland's water/sewer lines and to pave streets. The loans are being paid over a 20-year period. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) project loans were obtained for the purpose of installing sewer/water lines. The OWDA loan #s 1842, 1843, and 1844 obtained in 2008 are paid over a period ranging from 9 to 10 years. These were obtained for the installation of sewer lines and are paid from special assessments collected from property owners. OWDA loan # 4353 was obtained for the Water Main Town Hall installation. It is being paid over an 18-year period in installments of $40,032 a year. It is collateralized by water and sewer receipts. The OWDA loan # 4666 was obtained for the installation of a sewer extension. It is being paid over a period of 20 years at $29,596 a year. It is collateralized by property taxes collected by the Village. In 2010, the Village obtained OWDA loan/grant # 5198 for sewer construction in Motor Road. The loan is being paid over a 20-year period at $12,921 per year.

The Village entered into an equipment lease-purchase agreement number 23841 with Motorola Credit Corp. for $428,756 worth of radio equipment commencing January 1, 2016. This agreement calls for seven annual payments of $66,328 with the first payment made on December 17, 2015. General Fund revenue will be used to pay the agreement. The agreement matures on January 1, 2022 and has a 2.74% interest rate.

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

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

6. Debt (continued)

The Village issued a manuscript debt from Enterprise Fund to Debt Service Fund in the amount of $500,000 to be repaid in installments thru 2020.

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

Year ending December 31:	General Obligation Anticipation Notes	OPWC Loans	OWDA Loans	Motorolla Lease	RFIB, Series 2015	TAN, Series 2015
2016	$183,343	$25,681	$141,044	$ 66,328	$573,071	$81,480
2017	70,000	22,556	141,044	66,328	561,661	-
2018	70,000	22,556	83,985	66,328	550,250	-
2019	70,000	22,556	83,985	66,328	538,839	-
2020	80,000	22,556	84,064	66,328	527,429	-
2021-2025	-	112,782	245,560	66,328	2,465,982	-
2026-2030	-	112,782	207,370	-	2,180,714	-
2031-2035	-	112,782	189,954	-	1,895,446	-
2036-2040	-	22,556	76,695	-	1,610,179	-
2041-2043	-	-	32,303	-	829,179	-
Total	$473,343	$476,807	$1,286,004	$397,968	$11,732,750	$81,480

7. Retirement Systems

The Village's certified full-time Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are 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. From January 1 to June 30, 2014, OP&F participants contributed 10.75% of their wages. From July 1, 2014 to July 1, 2015, OP&F participants contributed 11.5% of their wages and from July 1, 2015 to December 31, 2015 OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. Risk Management

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

8. Risk Management (continued)

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

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

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

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Contingent Liabilities

The Village is a defendant in other lawsuits and although management cannot presently determine the outcome of the suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

10. Jointly Governed Organizations

Richfield Light Industrial Joint Economic Development District

The Village participates in, and is the fiscal agent for the Richfield Light Industrial/Office Joint Economic Development District (the JEDD). The Village of Richfield and Richfield Township formed the JEDD 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 JEDD Board of Directors consists of five members; one Township Trustee; the Mayor or an elected member of Village Council; one representative of business owners 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 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 with five percent going to the Village and five percent going to the Township. The balance of the ninety percent will be distributed in accordance with the JEDD agreement. The JEDD is being handled through an agency fund in the Village's financial records.

The JEDD is providing access to water service from the water system of the City of Cleveland.

Richfield Joint Recreation District

The Village is the fiscal agent for the 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 small 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.

11. Other Financing Uses

Other Financing uses in the amount of $138,927 and $203,215 reported in the Capital Projects Funds in 2015 and 2014, respectively, consists entirely of the Village's distribution of tax increment financing (TIF) distribution made each year to the Revere Local School District. The distribution is in accordance with an agreement between the Village and the District entered into in 2006.

12. Cash Fund Balance Restatements

The financial statements were adjusted to reflect the Unclaimed monies fund in the General Fund rather than the Agency Fund. The revisions had the following effects on fund balances previously reported:

	General Fund	Agency Funds
Cash Fund Balance, December 31, 2013	$3,376,651	$111,761
Fund Reclassifications:		
Unclaimed Monies	26,868	(26,868)
Cash Fund Balance, January 1, 2014	$3,403,519	$84,893

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Certified Public Accountants

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

Village of Richfield
Summit County
4410 West Streetsboro Road
Richfield, Ohio 44286

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Richfield, Summit County (the Village) 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 27, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, and restated its General Fund's, and Agency Funds' cash fund balances.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village'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 Village'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 certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 Village's financial statements. We consider finding 2015-001 described in the accompanying schedule of findings to be a material weakness.

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 2015-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 Village's management in a separate letter dated June 27, 2016.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris and Associates, Inc.
June 27, 2016

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF FINDINGS
December 31, 2015 and 2014

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

Finding Number 2015-001 - Material Weakness

During 2015 and 2014, the Village erroneously recorded numerous transactions. The more significant adjustments are as follows:

- Transfers out were recorded as Other Financing Uses
- Payment of Principal was recorded as Capital Outlay
- Unclaimed money was recorded as transfers instead of miscellaneous revenue.
- Special Assessment revenue was recorded as Charges for Services instead of Special Assessment
- Prior year adjustment from the Mayor court – bond – was not properly made in the system
- Earning on investment was recorded as Miscellaneous receipts
- Earning on investment were not recorded
- Unclaimed money was recorded as Agency fund versus General fund

Adjustments were made in the financial statements and the Village's records to reflect the proper presentation.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts and disbursements by fund and account. Using these classifications and the aforementioned accounting records 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.

We recommend that the Village refer to the Ohio Village Handbook and other Auditor of State guidance to properly classify its transactions.

Management Response:

The Village is working diligently at posting all transactions correctly and will correct these items going forward. Management was not previously notified of the unclaimed monies fund reclassification.

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF FINDINGS
December 31, 2015 and 2014

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

Finding Number 2015-002 - 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.

Regarding the December 31, 2015 and 2014 bank reconciliations:

- The Village's bank reconciliations contained several outstanding checks for various bank accounts which were dated as far back as 2004.

- Outstanding Checks by the Mayor's Court totaling $5,388 were not recorded in the Village's book. This item was adjusted by the Village to the financial statements and accounting records.

Failure to resolve unreconciled differences and continuing to carry old reconciling items on the bank reconciliation could lead to financial statement errors and increases risk of theft and fraud.

The Village should maintain support for all reconciling items and resolve any differences on the bank reconciliation in a timely manner. Additionally, the Village should develop a written policy for removing old or stale-dated checks from the accounting system, in accordance with the guidance in Auditor of State Bulletin 91-11. The bulletin indicates that, pursuant to Ohio Rev. Code Section 9.39, unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund. The Village should also consider listing the names of the individuals on their website to clear stale dated items.

Management Response:

The court department has implemented procedures to alleviate these issues going forward.

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2015 and 2014

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material Weakness – Fund Type Classification	No	Repeated as Finding 2015-001
2013-002	Material Weakness – Mayor's Court Activity	No	Repeated as Finding 2015-002
2013-003	Significant Deficiency – Bank Reconciliation	No	Not Corrected; Repeated as Finding 2015-002
2013-004	Noncompliance – Expenditure Certification	Yes	Finding no longer valid