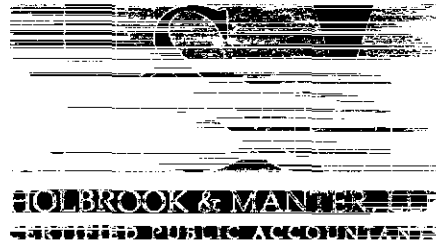


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**VILLAGE OF RICHWOOD  
COLUMBUS REGION, UNION COUNTY  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

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**VILLAGE OF RICHWOOD**  
**COLUMBUS REGION, UNION COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council  
Village of Richwood  
Union County  
286 South Franklin Street  
Richwood, Ohio, 43344

We have reviewed the independent auditor's report of the Village of Richwood, Union County, prepared by Holbrook & Manter, LLP, for the audit period January 1, 1997 through December 31, 1998. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written over a circular stamp or mark.

JIM PETRO  
Auditor of State

June 7, 2000



**INDEPENDENT AUDITOR'S REPORT**

Village Council  
Village of Richwood  
Union County  
286 South Franklin Street  
Richwood, Ohio, 43344

We have audited the accompanying financial statements of the Village of Richwood, Union County, Ohio, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Richwood, as of December 31, 1998 and December 31, 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2000 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 grants.

This report is intended solely for the information and use of the management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter, L & P*

Certified Public Accountants

April 5, 2000  
Marion, Ohio

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND**  
**CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND-**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	(Memorandum Only) <u>Total</u>
Cash receipts:						
Local taxes	\$ 273,034	\$ 6,697	\$ 0	\$ 0	\$ 0	\$ 279,731
Intergovernmental	100,496	117,157	0	0	0	217,653
Charges for services	0	107,753	0	0	0	107,753
Fines, licenses, and permits	3,215	0	0	0	0	3,215
Miscellaneous	79,376	8,053	0	0	0	87,429
<b>Total cash receipts</b>	<b>456,121</b>	<b>239,660</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>695,781</b>
Cash disbursements:						
Current:						
Security of persons and property	237,279	105,694	0	0	0	342,973
Public health services	4,031	0	0	0	0	4,031
Leisure time activities	0	51,524	0	0	0	51,524
Community environment	0	0	0	20,730	0	20,730
Transportation	0	74,423	0	0	0	74,423
General government	81,925	0	0	0	0	81,925
Capital outlay	0	0	0	0	0	0
Debt service:						
Other debt service	0	0	96,702	0	0	96,702
<b>Total cash disbursements</b>	<b>323,235</b>	<b>231,641</b>	<b>96,702</b>	<b>20,730</b>	<b>0</b>	<b>672,308</b>
<b>Total receipts over/(under) cash disbursements</b>	<b>132,886</b>	<b>8,019</b>	<b>( 96,702)</b>	<b>( 20,730)</b>	<b>0</b>	<b>23,473</b>
Other financing receipts/(disbursements):						
Transfers - in	0	1,522	131,256	0	0	132,778
Transfers - out	( 1,522)	0	0	0	0	( 1,522)
<b>Total other financing receipts/(disbursements)</b>	<b>( 1,522)</b>	<b>1,522</b>	<b>131,256</b>	<b>0</b>	<b>0</b>	<b>131,256</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>131,364</b>	<b>9,541</b>	<b>34,554</b>	<b>( 20,730)</b>	<b>0</b>	<b>154,729</b>
<b>Fund cash balances January 1, 1998</b>	<b>373,727</b>	<b>303,282</b>	<b>9,558</b>	<b>43,833</b>	<b>5,345</b>	<b>735,745</b>
<b>Fund cash balances, December 31, 1998</b>	<b>\$ 505,091</b>	<b>\$ 312,823</b>	<b>\$ 44,112</b>	<b>\$ 23,103</b>	<b>\$ 5,345</b>	<b>\$ 890,474</b>
<b>Reserve for encumbrances, December 31, 1998</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND-**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
Operating cash receipts:			
Charges for services	\$ 517,483	\$ 0	\$ 517,483
Miscellaneous	11,351	0	11,351
	<hr/>	<hr/>	<hr/>
Total operating cash receipts	528,834	0	528,834
Operating cash disbursements:			
Personal services	144,070	0	144,070
Travel transportation	7,634	0	7,634
Contractual services	125,809	0	125,809
Supplies and materials	78,847	0	78,847
Capital outlay	75,500	0	75,500
	<hr/>	<hr/>	<hr/>
Total operating cash disbursements	431,860	0	431,860
Operating income/(loss)	96,974	0	96,974
Non-operating cash receipts/(disbursements)	0	0	0
	<hr/>	<hr/>	<hr/>
Excess of receipts over/(under) disbursements before interfund transfers and advances	96,974	0	96,974
Transfers-out	( 131,256)	0	( 131,256)
	<hr/>	<hr/>	<hr/>
Net receipts over/(under) disbursements	( 34,282)	0	( 34,282)
Fund cash balances, January 1, 1998	410,237	0	410,237
	<hr/>	<hr/>	<hr/>
Fund cash balances, December 31, 1998	\$ 375,955	\$ 0	\$ 375,955
	<hr/>	<hr/>	<hr/>
Reserve for encumbrances, December 31, 1998	\$ 0	\$ 0	\$ 0
	<hr/>	<hr/>	<hr/>

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

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND**  
**CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Expendable Trust</u>	<u>(Memorandum Only) Total</u>
Cash receipts:						
Local taxes	\$ 251,219	\$ 12,400	\$ 0	\$ 0	\$ 0	\$ 263,619
Intergovernmental	92,439	111,591	0	0	0	204,030
Charges for services	6,524	94,534	0	0	0	101,058
Fines, licenses, and permits	5,207	0	0	0	0	5,207
Miscellaneous	34,768	18,514	440	0	0	53,722
Total cash receipts	<u>390,157</u>	<u>237,039</u>	<u>440</u>	<u>0</u>	<u>0</u>	<u>627,636</u>
Cash disbursements:						
Current:						
Security of persons and property	202,216	85,766	0	0	0	287,982
Public health services	6,885	0	0	0	0	6,885
Leisure time activities	0	23,047	0	0	0	23,047
Community environment	9,131	0	0	0	0	9,131
Transportation	0	61,149	0	0	0	61,149
General government	77,239	0	0	0	0	77,239
Debt service:						
Other debt service	0	0	94,892	0	0	94,892
Total cash disbursements	<u>295,471</u>	<u>169,962</u>	<u>94,892</u>	<u>0</u>	<u>0</u>	<u>560,325</u>
Total receipts over/(under) cash disbursements	<u>94,686</u>	<u>67,077</u>	<u>( 94,452)</u>	<u>0</u>	<u>0</u>	<u>67,311</u>
Other financing receipts/(disbursements):						
Transfers - in	292	0	104,010	0	0	104,302
Transfers - out	0	0	0	0	0	0
Total other financing receipts/(disbursements)	<u>292</u>	<u>0</u>	<u>104,010</u>	<u>0</u>	<u>0</u>	<u>104,302</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	94,978	67,077	9,558	0	0	171,613
Fund cash balances January 1, 1997	<u>278,749</u>	<u>236,205</u>	<u>0</u>	<u>43,833</u>	<u>5,345</u>	<u>564,132</u>
Fund cash balances, December 31, 1997	<u>\$ 373,727</u>	<u>\$ 303,282</u>	<u>\$ 9,558</u>	<u>\$ 43,833</u>	<u>\$ 5,345</u>	<u>\$ 735,745</u>
Reserve for encumbrances, December 31, 1997	<u>\$ 3,872</u>	<u>\$ 16,853</u>	<u>\$ 0</u>	<u>\$ 2,629</u>	<u>\$ 0</u>	<u>\$ 23,354</u>

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



**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND -**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>(Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Total</u>
Operating cash receipts:			
Charges for services	\$ 494,526	\$ 0	\$ 494,526
Miscellaneous	24,460	0	24,460
Total operating cash receipts	518,986	0	518,986
Operating cash disbursements:			
Personal services	172,709	0	172,709
Travel transportation	1,948	0	1,948
Contractual services	123,344	0	123,344
Supplies and materials	47,431	0	47,431
Capital outlay	75,673	0	75,673
Total operating cash disbursements	421,105	0	421,105
Operating income/(loss)	97,881	0	97,881
Non-operating receipts/(disbursements)	0	0	0
Excess of receipts over/(under) disbursements before interfund transfers and advances	97,881	0	97,881
Transfers-out	( 104,010)	( 292)	( 104,302)
Net receipts over/(under) disbursements	( 6,129)	( 292)	( 6,421)
Fund cash balances, January 1, 1997	416,366	292	416,658
Fund cash balances, December 31, 1997	<u>\$ 410,237</u>	<u>\$ 0</u>	<u>\$ 410,237</u>
Reserve for encumbrances, December 31, 1997	<u>\$ 8,769</u>	<u>\$ 0</u>	<u>\$ 8,769</u>

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

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

- A. **Description of the Entity** – The Village of Richwood, Union County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), police and fire protection.

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

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

- C. **Cash and Investments** - Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.
- 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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for 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.

**Fire Fund**

This fund receives contract money from the adjoining Townships for the purpose of providing fire protection.

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

**Water Debt Fund**

This fund is used to make purchase payments for the Water treatment plant. Monies for this fund are received via transfer from the Water Fund.

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

**Sewer Debt Fund**

This fund is used to make purchase payments for the Sewer treatment facility. Monies for this fund are received via transfer from the Sewer Fund.

**Emergency medical Service (EMS) Debt Service Fund**

This fund is used to make lease/purchase payments for the EMS Ambulance purchased in 1995. Monies for this fund are received via transfer from the Emergency Medical Service Fund.

**Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

**Sewer Modification Fund**

This fund was established to account for the Federal Grant to upgrade the Village's Sewer Plant.

**Enterprise Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

**Water Fund**

This fund receives charges for services from residents to cover the cost of providing this utility.

**Sewer Fund**

This fund receives charges for services from residents to cover the cost of providing this utility.

- E. **Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

Budgetary expenditures (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. The County Budget Commission must also approve the annual appropriation measure. 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 Union County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1998 and 1997 budgetary activity appears in Note 3.

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

- F. **Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements
- G. **Unpaid Vacation and Sick Leave** – Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1998	1997
Demand deposits	\$ 512,529	\$ 675,872
Certificate of deposit	259,956	0
Total deposits	772,485	675,872
STAR Ohio	493,944	470,110
Total investments	493,944	470,110
Total deposits and investments	\$ 1,266,429	\$ 1,145,982

**Deposits** - The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village. During 1997 the Richwood Bank account exceed \$100,000 and they failed to secure the excess over \$100,000 with collateral. This deficiency was fixed in 1998 and the account was properly secured by collateral.

**Investments** – Investment in STAR Ohio is not evidenced by securities that exist in physical or book entry form.

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 1998 was as follows:

**1998 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 324,629	\$ 456,121	\$ 131,492
Special Revenue	188,458	241,182	52,724
Debt Service	15,157	131,256	116,099
Enterprise	<u>- 594,010</u>	<u>528,834</u>	<u>(65,176)</u>
Total	<u>\$ 1,122,254</u>	<u>\$ 1,357,393</u>	<u>\$ 235,139</u>

**1998 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 330,871	\$ 324,757	\$ 6,114
Special Revenue	231,172	231,641	(469)
Debt Service	104,100	96,702	7,398
Capital Projects	77,000	20,730	56,270
Enterprise	501,187	563,116	(61,929)
Expendable Trust	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total	<u>\$ 1,246,330</u>	<u>\$ 1,236,946</u>	<u>\$ 9,384</u>

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 1997 was as follows:

**1997 Budgeted VS. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 329,439	\$ 390,449	\$ 61,010
Special Revenue	223,931	237,039	13,108
Capital Projects	0	0	0
Debt Service	15,157	104,450	89,293
Enterprise	<u>594,010</u>	<u>518,986</u>	<u>(75,024)</u>
Total	<u>\$ 1,162,537</u>	<u>\$ 1,250,924</u>	<u>\$ 88,387</u>

**1997 Budgeted VS. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 284,984	\$ 299,343	\$ (14,359)
Special Revenue	215,535	186,815	28,720
Debt Service	104,010	94,892	9,118
Capital Projects	100,000	2,629	97,371
Enterprise	400,400	533,884	(133,484)
Agency	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total	<u>\$ 1,106,929</u>	<u>\$ 1,117,563</u>	<u>\$ (10,634)</u>

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 4 – PROPERTY TAX:-**

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**NOTE 5 - DEBT:-**

Debt outstanding at December 31, 1998 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	1,106,000	5-6%
Capital Lease/Purchase Agreement	<u>15,157</u>	8%
Total	<u>\$ 1,121,157</u>	

Outstanding mortgage revenue bonds were for utility construction and improvement. Property and revenue of the municipal sanitary sewer and water systems have been pledged to repay these debts.

The capital lease/purchase agreement was entered into with Ford Motor Credit Corporation for the installment lease purchase of an ambulance. This lease purchase agreement is a direct obligation of the Village for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the Village.

**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 5 - DEBT:-** (continued)

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

<u>Year ending December 31</u>	<u>Mortgage Revenue Bonds</u>	<u>Capital Lease Agreement</u>
1999	\$ 86,770	\$ 15,157
2000	86,370	0
2001	86,920	0
2002	86,880	0
2003	86,700	0
Subsequent	<u>1,616,700</u>	<u>0</u>
Total	<u>\$ 2,050,340</u>	<u>\$ 15,157</u>

**NOTE 6 – RETIREMENT SYSTEMS:-**

The Villages law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

**NOTE 7 – RISK MANAGEMENT:-**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicles

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



**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**

**NOTE 8 – CUSTODIANS OF OTHER VILLAGE ASSETS:-**

The following funds maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

**Deferred Compensation Assets**

*Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees. Under Internal Revenue Code Section 457, these assets are contingent assets of the Village. However, management believes it is unlikely it will use these assets to satisfy the claims of general creditors.*

**NOTE 9 – CONTINGENT LIABILITIES:-**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, in any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Report on Compliance and on Internal Control Required by Government Auditing Standards**

Village Council  
Village of Richwood  
Union County  
286 S. Franklin St.  
Richwood Ohio, 43344

We have audited the accompanying financial statements of the Village of Richwood, Union County, Ohio (the Village ), as of and for the years ended December 31, 1998 and December 31, 1997, and have issued our report thereon dated April 5, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings.

**Internal Control Over Financial Reporting**

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village of Richwood's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings.

Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We also noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated April 5, 2000.

This report is intended for the information of the Village Council and the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter, LLP*

Certified Public Accountants

April 5, 2000  
Marion, Ohio

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**SCHEDULE OF FINDINGS**  
**VILLAGE OF RICHWOOD**  
**UNION COUNTY**  
**JANUARY 1, 1997 TO DECEMBER 31, 1998**

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

<b>Finding Number</b>	
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**Non-Compliance**

N-1 Section 117-3-01, Ohio Administrative Code, states that each village is required to employ the uniform system of accounting prescribed in the Ohio Administrative Code. The uniform system of accounting requires that three basic records be maintained. They are the cash journal, the receipts ledger, and the appropriation ledger. The receipts ledger was not properly maintained. This ledger should be properly maintained to insure proper accounting techniques and transactions. This problem has been subsequently resolved and the ledger is being properly maintained.

N-2 Section 5705.41 (D) Revised Code, states that no subdivision shall make any contract or order any expenditure of money unless that certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void unless, for expenditures in excess of \$100, the board of Education obtains from the fiscal officer a certificate stating that there was at the time of the making of the contracts or orders a sufficient sum appropriated, the board, by resolution, may authorize the issuance of a warrant for the payments of the amount due.

During our testing of expenditures there were instances noted in which funds were obligated without certification. There was no evidence of subsequent resolutions authorizing payment for such obligations.

**Reportable Conditions**

R-1 Village financial records were not properly maintained. The internal controls were not operating effectively and significant internal controls were not adequately monitored by Council. Reconstruction of the revenue was required.

R-2 Village documents were not properly retained. Two months of the expenditure journal detail was unavailable and was unable to be reproduced. All ledgers of relevant importance should be properly retained for future reference.

R-3 Checks are only signed by the Village clerk and the bank reconciliations and bank statements were not being properly review by the council members. Bank reconciliations and bank statements should be reviewed on a monthly basis by the Village council



STATE OF OHIO  
OFFICE OF THE AUDITOR

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VILLAGE OF RICHWOOD

UNION 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.

By Susan Babbitt

Date: JUNE 20, 2000