

***VILLAGE OF RICHFIELD***

**SUMMIT COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2021 and 2020**





OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Richfield  
4410 West Streetsboro Road  
Richfield, Ohio 44286

We have reviewed the *Independent Auditor's Report* of the Village of Richfield, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Richfield is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 15, 2022**

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**VILLAGE OF RICHFIELD  
SUMMIT COUNTY  
Regular Audit  
For the Years Ended December 31, 2021 and 2020**

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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 Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Richfield, Summit County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Richfield, Summit County, as of December 31, 2021, or the changes in financial position or cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Emphasis of Matter***

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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, Inc.***  
June 10, 2022

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 501,747	\$ 136,012	-	-	\$ 637,759
Payment in Lieu of Taxes	-	-	-	\$ 1,831,263	1,831,263
Municipal Income Tax	11,548,866	-	-	-	11,548,866
Intergovernmental	227,904	594,800	-	36,449	859,153
Special Assessments	-	-	\$ 13,511	-	13,511
Charges for Services	1,783,140	146,786	-	9,794	1,939,720
Fines, Licenses and Permits	119,475	3,136	-	-	122,611
Earnings on Investments	26,609	10,181	12	6,531	43,333
Gifts & Donations	3,666	4,000	-	-	7,666
Insurance Claims and Refunds	113,410	32,769	-	14,235	160,414
Miscellaneous	21,802	7,192	-	-	28,994
<b>Total Cash Receipts</b>	<b>14,346,619</b>	<b>934,876</b>	<b>13,523</b>	<b>1,898,272</b>	<b>17,193,290</b>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	5,850,742	148,074	-	-	5,998,816
Public Health Services	73,178	33,175	-	-	106,353
Leisure Time Activities	70,898	137,965	-	-	208,863
Community Environment	561,398	-	-	-	561,398
Basic Utility Services	257,274	9,277	-	-	266,551
Transportation	-	2,479,604	-	-	2,479,604
General Government	1,842,358	16,178	-	-	1,858,536
Capital Outlay	-	-	-	4,303,996	4,303,996
Debt Service:					
Principal Retirement	-	-	317,959	22,938	340,897
Interest & Fiscal Charges	-	-	45,003	27,715	72,718
<b>Total Cash Disbursements</b>	<b>8,655,848</b>	<b>2,824,273</b>	<b>362,962</b>	<b>4,354,649</b>	<b>16,197,732</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>5,690,771</b>	<b>(1,889,397)</b>	<b>(349,439)</b>	<b>(2,456,377)</b>	<b>995,558</b>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	16	10,819	-	719,561	730,396
Transfers In	-	2,420,000	350,145	2,700,000	5,470,145
Transfers Out	(5,470,145)	-	-	-	(5,470,145)
Advances In	395,000	-	-	395,000	790,000
Advances Out	(395,000)	-	-	(395,000)	(790,000)
Other Financing Uses	-	-	-	(1,456,026)	(1,456,026)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(5,470,129)</b>	<b>2,430,819</b>	<b>350,145</b>	<b>1,963,535</b>	<b>(725,630)</b>
<b>Net Change in Fund Cash Balances</b>	<b>220,642</b>	<b>541,422</b>	<b>706</b>	<b>(492,842)</b>	<b>269,928</b>
<b>Fund Cash Balances, January 1</b>	<b>2,206,459</b>	<b>1,608,741</b>	<b>313,272</b>	<b>5,342,496</b>	<b>9,470,968</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 2,427,101</b>	<b>\$ 2,150,163</b>	<b>\$ 313,978</b>	<b>\$ 4,849,654</b>	<b>\$ 9,740,896</b>

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

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Proprietary Fund Types Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,881,538
Fines, Licenses and Permits	10,735
Insurance Claims and Refunds	5,378
Miscellaneous	15,441
<i>Total Operating Cash Receipts</i>	1,913,092
<b>Operating Cash Disbursements</b>	
Personal Services	222,006
Fringe Benefits	91,341
Contractual Services	1,097,671
Supplies and Materials	145,180
Claims	637
Other	96,660
<i>Total Operating Cash Disbursements</i>	1,653,495
<i>Operating Income (Loss)</i>	259,597
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	405,826
Earnings on Investments	9,426
Sale of Capital Assets	505
Capital Outlay	(364,304)
<i>Total Non-Operating Receipts (Disbursements)</i>	51,453
<i>Net Change in Fund Cash Balance</i>	311,050
<i>Fund Cash Balances, January 1</i>	5,024,508
<i>Fund Cash Balances, December 31</i>	\$ 5,335,558

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

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Fiduciary Fund Type Custodial</b>
<b>Additions</b>	
Property and Other Local Taxes	\$ 103,060
Fines, Licenses and Permits	31,214
Deposits Received	116,560
Other Amounts Collected for Distribution	642
<i>Total Additions</i>	251,476
<b>Deductions</b>	
Distributions to Other Governments	7,065
Distributions to Other Funds	23,966
Distributions of Deposits	13,571
Other Distributions	71,888
<i>Total Deductions</i>	116,490
<i>Net Change in Fund Cash Balance</i>	134,986
<i>Fund Cash Balances, January 1</i>	129,978
<i>Fund Cash Balances, December 31</i>	\$ 264,964

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The Village of Richfield (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected seven-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 contracted with Richfield Township to provide them with security of persons and property. The Village also contracted with the Valley Fire District and Peninsula to provide them with dispatch services. Lastly, the Village also contracted with the Revere School District and Bath Township to provide the School with a School Resource Officer.

The Village participates in a public entity risk pool and a jointly governed organization. Notes 6 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 legally separates its member governments.

Jointly Governed Organization:

Richfield Light Industrial/Office JEDD was formed by the Village of Richfield and Richfield Township in accordance with Sections 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.

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

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

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Fund Accounting (continued)***

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

***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.

***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.

***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 and commercial users within the Village to cover sanitary sewer service costs.

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village holds resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's significant custodial funds are as follows:

***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 11 for additional information.

***Contractor Inspection/Deposit Fund*** – This fund is used to account for contractor deposits to cover field inspection expenses of improvements during construction projects.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial 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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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.

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

A summary of 2021 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

***Committed*** Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.



**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (continued)***

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,041,603	\$14,741,635	\$700,032
Special Revenue	3,365,692	3,365,695	3
Debt Service	366,365	363,668	(2,697)
Capital Projects	5,587,755	5,712,833	125,078
Enterprise	2,505,906	2,328,849	(177,057)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$15,014,084	\$14,684,104	\$329,980
Special Revenue	3,075,087	2,952,633	122,454
Debt Service	363,745	362,962	783
Capital Projects	7,495,763	6,645,050	850,713
Enterprise	3,303,308	2,284,548	1,018,760

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2021 was as follows:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$11,500,118
Certificates of deposit	3,840,900
Petty cash	400
Total deposits	\$15,341,418

The Village also had \$400 of petty cash on hand as of December 31, 2021.

The Village has a payroll clearing account that is held inside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Taxes (continued)**

***Income Taxes***

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.

**Note 6 - Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty.

The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 - Risk Management (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>( 13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. 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. The Village has paid all contributions required through December 31, 2021.

***Social Security***

The Part-time Village Fire fighter employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$203,006	0%
Ohio Water Development Authority Loans	393,319	2.93-3.75%
Street improvement Bonds, Series 2017	1,090,000	2.65%
Total	\$1,686,325	

The Village issued \$1.89 million Street Improvement Bonds, Series 2017 March, 2017. These general obligation bonds were issued to finance the costs of improving certain designated roadways in the Village, in cooperation with Summit County and otherwise, by grading, constructing, reconstructing and rehabilitating the pavement base, curbs, drainage improvements and driveway approaches, widening, realigning, preparing the surface, surfacing, and resurfacing and installing culverts and traffic signs, signals and signalization, where necessary, in each case together with the necessary appurtenances and work incidental thereto. The bonds mature December 1, 2027. The interest on the bonds is 2.65%. These bonds are paid from the Bond Retirement Fund and as of December 31, 2021, the cash balance was \$65,391.

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. These were obtained for the installation of sewer lines and are paid from special assessments collected from property owners. OWDA loan # 4253V 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 \$29,402-\$29,553 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.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 – Debt (Continued)**

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

Year ending December 31:	OPWC Loans	OWDA Loans	SIN, Series 2017
2022	\$45,113	\$82,382	\$198,885
2023	45,113	82,411	199,380
2024	45,113	82,441	199,743
2025	45,113	82,473	199,973
2026	22,554	42,474	200,070
2027-2031	0	66,473	195,035
Total	<u>\$203,006</u>	<u>\$438,654</u>	<u>\$1,193,086</u>

**Note 10 – Contingent Liabilities**

The Village is a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the state and federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – 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 a custodial fund in the Village’s financial records.

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – Other Financing Uses**

Other Financing uses in the amount of \$1,456,026 reported in the Capital Projects Funds in 2021, consists entirely of the Village’s distribution of tax increment financing (TIF) distribution made each year to the Revere Local School District and the Cuyahoga Valley Career Center. The distribution is in accordance with agreements between the Village and the Districts entered into.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the un-expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$1,901	\$0	\$0	\$1,901
Outstanding Encumbrances	<u>163,111</u>	<u>128,360</u>	<u>439,375</u>	<u>730,846</u>
<i>Total</i>	<u><u>\$165,012</u></u>	<u><u>\$128,360</u></u>	<u><u>\$439,375</u></u>	<u><u>\$732,747</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding of \$190,856. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village’s receipt of \$190,856 was recorded in the applicable Special Revenue Fund.

**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 454286

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Richfield, Summit County, (the Village) and have issued our report thereon dated June 10, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



***Report on Compliance and Other Matters***

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 10, 2022.

***Purpose of This Report***

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



***Charles E. Harris & Associates, Inc.***  
June 10, 2022

**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 for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and related notes of the Village of Richfield, Summit County (the Village).

***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we have obtained is sufficient to support our audit opinions.

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

As described in Note 2 of the financial statements, the 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(C), 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 determined, 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(C) 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, 2020, and the respective changes in financial position or cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

**Emphasis of Matter**

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 14 to the financial statements, the Village made changes to its cash basis reporting model. We did not modify our opinions regarding these matters.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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, Inc.**  
June 10, 2022

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 405,843	\$ 125,930	-	-	\$ 531,773
Payment In Lieu of Taxes	-	-	-	\$ 314,600	314,600
Municipal Income Tax	10,421,895	-	-	3,244	10,425,139
Intergovernmental	205,264	1,113,313	-	186,381	1,504,958
Special Assessments	-	-	\$ 16,125	11,830	27,955
Charges For Services	1,393,175	92,421	-	150	1,485,746
Fines, Licenses and Permits	88,825	1,951	-	-	90,776
Earnings on Investments	49,856	11,509	4	5,515	66,884
Insurance Claims and Refunds	364,473	19,908	-	33,450	417,831
Miscellaneous	30,772	101,997	-	-	132,769
<i>Total Cash Receipts</i>	<u>12,960,103</u>	<u>1,467,029</u>	<u>16,129</u>	<u>555,170</u>	<u>14,998,431</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	4,813,855	880,340	-	-	5,694,195
Public Health Services	69,690	28,390	-	-	98,080
Leisure Time Activities	64,211	137,323	-	-	201,534
Community Environment	300,557	-	-	-	300,557
Basic Utility Services	228,898	8,727	-	-	237,625
Transportation	-	2,252,090	-	-	2,252,090
General Government	2,205,057	4,515	-	-	2,209,572
Capital Outlay	-	27,100	-	3,210,828	3,237,928
Debt Service:					
Principal Retirement	-	-	389,734	22,021	411,755
Interest and Fiscal Charges	-	-	53,185	11,008	64,193
<i>Total Cash Disbursements</i>	<u>7,682,268</u>	<u>3,338,485</u>	<u>442,919</u>	<u>3,243,857</u>	<u>14,707,529</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	5,277,835	(1,871,456)	(426,790)	(2,688,687)	290,902
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	411	120	-	285,101	285,632
Transfers In	-	2,350,000	430,511	2,675,000	5,455,511
Transfers Out	(5,135,511)	-	-	(320,000)	(5,455,511)
Other Financing Uses	-	-	-	(208,584)	(208,584)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,135,100)</u>	<u>2,350,120</u>	<u>430,511</u>	<u>2,431,517</u>	<u>77,048</u>
<i>Net Change in Fund Cash Balances</i>	142,735	478,664	3,721	(257,170)	367,950
<i>Fund Cash Balances, January 1</i>	<u>2,063,724</u>	<u>1,130,077</u>	<u>309,551</u>	<u>5,599,666</u>	<u>9,103,018</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,206,459</u>	<u>\$ 1,608,741</u>	<u>\$ 313,272</u>	<u>\$ 5,342,496</u>	<u>\$ 9,470,968</u>

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

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Proprietary Fund Types Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,692,676
Fines, Licenses and Permits	9,900
Insurance Claims and Refunds	21,531
Miscellaneous	12,774
<i>Total Operating Cash Receipts</i>	1,736,881
<b>Operating Cash Disbursements</b>	
Personal Services	248,390
Fringe Benefits	91,635
Contractual Services	891,489
Supplies and Materials	122,535
Claims	479
Other	94,801
<i>Total Operating Cash Disbursements</i>	1,449,329
 <i>Operating Income (Loss)</i>	 287,552
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	63,579
Earnings on Investments	8,956
Sale of Capital Assets	67
Capital Outlay	(300,997)
Interest and Other Fiscal Charges	(1,885)
Other Financing Sources	80,337
<i>Total Non-Operating Receipts (Disbursements)</i>	(149,943)
 <i>Net Change in Fund Cash Balance</i>	 137,609
 <i>Fund Cash Balances, January 1</i>	 4,886,899
 <i>Fund Cash Balances, December 31</i>	 \$ 5,024,508

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

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Fiduciary Fund Type Custodial</b>
<b>Additions</b>	
Property and Other Local Taxes	\$ 19,350
Fines, Licenses and Permits	658
Deposits Received	51,304
<i>Total Additions</i>	71,312
<b>Deductions</b>	
Distributions to Other Governments	10,423
Distributions of Deposits	91,775
Other Distributions	32,295
<i>Total Deductions</i>	134,493
<i>Net Change in Fund Cash Balance</i>	(63,181)
<i>Fund Cash Balances, January 1</i>	193,159
<i>Fund Cash Balances, December 31</i>	\$ 129,978

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The Village of Richfield (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected seven-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 contracts with Richfield Township to provide them with security of persons and property. The Village also contracts with the Valley Fire District and Peninsula to provide them with dispatch services. Lastly, the Village also contracts with the Revere School District and Bath Township to provide the School with a School Resource Officer.

The Village participates in a public entity risk pool and a jointly governed organization. Notes 6 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 legally separates its member governments.

Jointly Governed Organization:

Richfield Light Industrial/Office JEDD was formed by the Village of Richfield and Richfield Township in accordance with Sections 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.

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

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

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

***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.

***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.

***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 and commercial users within the Village to cover sewer service costs.

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



**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village holds resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's significant custodial funds are as follows:

***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 11 for additional information.

***Contractor Inspection/Deposit Fund*** – This fund is used to account for contractor deposits to cover field inspection expenses of improvements during construction projects.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial 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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

***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.

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

A summary of 2020 budgetary activity appears in Note 3.

***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.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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

The 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,048,812	\$12,960,514	(\$88,298)
Special Revenue	3,828,904	3,817,149	(11,755)
Debt Service	446,661	446,640	(21)
Capital Projects	3,573,505	3,515,271	(58,234)
Enterprise	1,900,000	1,889,820	(10,180)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$13,456,226	\$13,064,288	\$391,938
Special Revenue	3,814,787	3,506,375	308,412
Debt Service	447,011	442,919	4,092
Capital Projects	5,447,921	4,639,576	808,345
Enterprise	3,108,338	2,038,692	1,069,646

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2020 was as follows:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand Deposits	\$10,784,154
Certificates of deposit	3,840,900
Petty cash	<u>400</u>
Total deposits	<u>\$14,625,454</u>

The Village also had \$400 of petty cash on hand as of December 31, 2020.

The Village has a payroll clearing account that is held inside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Taxes (continued)**

***Income Taxes***

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.

**Note 6 - Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 776 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the casualty and the property portions the Plan retains. The Plan retains the first \$250,000 of casualty losses and the lesser of 55% or \$550,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 55% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 - Risk Management (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 (the latest information available):

	<b>2019</b>
Assets	\$15,920,504
Liabilities	(\$11,329,011)
Members' Equity	\$4,591,493

You can read the complete audited financial statements for the Ohio Plan Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

Village's certified full-time Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. 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. The Village has paid all contributions required through December 31, 2020.

***Social Security***

The Part-time Village Fire fighter employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$248,119	0%
Ohio Water Development Authority Loans	459,544	2.93-3.75%
Motorolla Lease Equipment	64,559	2.74%
Street improvement Bonds, Series 2017	1,255,000	2.65%
Total	\$2,027,222	

The Village issued \$1.89 million Street Improvement Bonds, Series 2017 March, 2017. These general obligation bonds were issued to finance the costs of improving certain designated roadways in the Village, in cooperation with Summit County and otherwise, by grading, constructing, reconstructing and rehabilitating the pavement base, curbs, drainage improvements and driveway approaches, widening, realigning, preparing the surface, surfacing, and resurfacing and installing culverts and traffic signs, signals and signalization, where necessary, in each case together with the necessary appurtenances and work incidental thereto. The bonds mature December 1, 2027. The interest on the bonds is 2.65%. These bonds are paid from the Bond Retirement Fund and as of December 31, 2020, the cash balance was \$64,976.

The Village had one general obligation bond anticipation note issued in 2010, respectively. This manuscript debt was from the Enterprise Fund to Debt Service Fund in the amount of \$500,000 to be repaid in installments thru 2020. As of December 31, 2020, the outstanding principal of \$80,000 was paid off. 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 was 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 was 2.2% per annum. The initial interest rate was established in the closing date and was in effect until the first Redetermination Date. The interest rate was reset on each redetermination date and remained in effect until the following redetermination date. The principal was repaid in installments of \$70,000 a year from 2014 through 2019 and \$80,000 in 2020.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt (Continued)**

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. These were obtained for the installation of sewer lines and are paid from special assessments collected from property owners. OWDA loan # 4253V 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 \$29,375-\$29,553 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 two equipment lease-purchase agreement number 23841 and 3790 with Motorola Credit Corp. for \$428,756 and \$277,800 worth of radio equipment commencing January 1, 2016 and December 30, 2016, respectfully. The \$428,756 agreement calls for seven annual payments of \$66,328 with the first payment made on December 17, 2015. The \$277,800 agreement states the first two years are payment free and then by January 1<sup>st</sup>, 2019 and 2020 payments of \$141,215.11 each year have to be made. The January 1, 2020 payment was made in December, 2019 paying off the equipment lease. General Fund revenue will be used to pay the agreements. The first agreement matures on January 1, 2022 and the second agreement matured on January 1, 2020, respectfully and have a 2.74% and 3.39% interest rate, respectfully.

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

Year ending December 31:	OPWC Loans	OWDA Loans	Motorolla Leases	SIN, Series 2017
2021	\$45,113	\$82,341	\$66,328	\$198,258
2022	45,113	82,382	-	198,885
2023	45,113	82,411	-	199,380
2024	45,113	82,411	-	199,743
2025	45,113	82,473	-	199,973
2026-2030	22,554	108,945	-	395,105
Total	<u>\$248,119</u>	<u>\$520,963</u>	<u>\$66,328</u>	<u>\$1,391,344</u>



**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Contingent Liabilities**

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

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the state and federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – 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 a custodial fund in the Village's financial records.

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

**Note 12 – Other Financing Uses**

Other Financing uses in the amount of \$208,584 reported in the Capital Projects Funds in 2020, consists entirely of the Village's distribution of tax increment financing (TIF) distribution made each year to the Revere Local School District and the Cuyahoga Valley Career Center. The distribution is in accordance with agreements between the Village and the Districts entered into.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the un-expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$2,197	\$0	\$0	\$ 2,197
Outstanding Encumbrances	246,509	167,890	867,135	1,281,534
<i>Total</i>	<u>\$248,706</u>	<u>\$167,890</u>	<u>\$867,135</u>	<u>\$1,283,731</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

The effect of this change had no effect on the beginning cash balances.

**Village of Richfield, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding totaling \$479,328. Of the amount received all of it was spent and nothing was returned to the granting agency. These amounts are reflected as general government expenditures in the Summit County Coronavirus Relief Special Revenue Fund and the Summit County COVID-19 PSGP Fund on the accompanying financial statements.

During 2020, the Village received \$257,845 on-behalf of Richfield Township per Subrecipient Agreements to provide the Township with Fire/EMS and Police services per contracts with the Township. These amounts were spent and also are recorded in the Summit County Coronavirus Relief Special Revenue Fund and the Summit County COVID-19 PSGP Fund on the accompanying financial statements.

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated June 10, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and changes to its reporting model.

***Internal Control Over Financial Reporting***

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

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


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
June 10, 2022

**VILLAGE OF RICHFIELD  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management  
December 31, 2021 and 2020**

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2019-001	Noncompliance – Timely Deposit of public money.	Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RICHFIELD**

**SUMMIT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/28/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)