



**VILLAGE OF RICHWOOD
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF RICHWOOD
UNION COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Richwood, Union County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 3 to the financial statements, in 1999 the Village reclassified certain funds to better reflect their purpose.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

JIM PETRO
Auditor of State

June 4, 2001

**VILLAGE OF RICHWOOD
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$290,071	\$12,061	\$0	\$302,132
Intergovernmental Receipts	144,313	126,651	57,378	328,342
Charges for Services	5,966	775	0	6,741
Fines, Licenses, and Permits	11,662	1,174	0	12,836
Earnings on Investments	53,994	0	0	53,994
Miscellaneous	7,229	1,162	0	8,391
	<u>513,235</u>	<u>141,823</u>	<u>57,378</u>	<u>712,436</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	362,156	3,201	0	365,357
Public Health Services	5,179	0	0	5,179
Leisure Time Activities	0	46,520	0	46,520
Community Environment	5,801	0	0	5,801
Transportation	0	112,933	0	112,933
General Government	102,322	0	0	102,322
Capital Outlay	3,124	2,036	326,807	331,967
	<u>478,582</u>	<u>164,690</u>	<u>326,807</u>	<u>970,079</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>34,653</u>	<u>(22,867)</u>	<u>(269,429)</u>	<u>(257,643)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	47,115	75,211	230,387	352,713
Transfers-Out	(335,598)	(47,115)	0	(382,713)
	<u>(288,483)</u>	<u>28,096</u>	<u>230,387</u>	<u>(30,000)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(253,830)	5,229	(39,042)	(287,643)
Fund Cash Balances, January 1, 2000	<u>630,943</u>	<u>119,309</u>	<u>61,275</u>	<u>811,527</u>
Fund Cash Balances, December 31, 2000	<u>\$377,113</u>	<u>\$124,538</u>	<u>\$22,233</u>	<u>\$523,884</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$509,473	\$0	\$509,473
Total Operating Cash Receipts	<u>509,473</u>	<u>0</u>	<u>509,473</u>
Operating Cash Disbursements:			
Personal Services	167,619	0	167,619
Fringe Benefits	65,273	0	65,273
Contractual Services	160,339	0	160,339
Supplies and Materials	41,827	0	41,827
Capital Outlay	19,017	0	19,017
Total Operating Cash Disbursements	<u>454,075</u>	<u>0</u>	<u>454,075</u>
Operating Income/(Loss)	<u>55,398</u>	<u>0</u>	<u>55,398</u>
Non-Operating Cash Receipts/Cash Disbursements:			
Debt Service	91,161	0	91,161
Total Non-Operating Cash Disbursements	<u>91,161</u>	<u>0</u>	<u>91,161</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(35,763)	0	(35,763)
Transfers-In	30,000	0	30,000
Transfers-Out	<u>0</u>	<u>0</u>	<u>0</u>
Net Receipts Over/(Under) Disbursements	(5,763)	0	(5,763)
Fund Cash Balances, January 1, 2000	<u>377,712</u>	<u>5,345</u>	<u>383,057</u>
Fund Cash Balances, December 31, 2000	<u>\$371,949</u>	<u>\$5,345</u>	<u>\$377,294</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$296,882	\$12,203	\$0	\$309,085
Intergovernmental Receipts	130,693	108,052	314,640	553,385
Charges for Services	524	1,175	0	1,699
Fines, Licenses, and Permits	6,759	11,181	0	17,940
Earnings on Investments	39,039	0	0	39,039
Miscellaneous	3,221	0	0	3,221
	<u>477,118</u>	<u>132,611</u>	<u>314,640</u>	<u>924,369</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	315,963	0	0	315,963
Public Health Services	5,000	0	0	5,000
Leisure Time Activities	0	16,197	0	16,197
Community Environment	2,024	0	0	2,024
Transportation	0	110,502	0	110,502
General Government	70,003	0	0	70,003
Capital Outlay	4,678	15,929	293,365	313,972
	<u>397,668</u>	<u>142,628</u>	<u>293,365</u>	<u>833,661</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>79,450</u>	<u>(10,017)</u>	<u>21,275</u>	<u>90,708</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>40,000</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>40,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	79,450	(10,017)	61,275	130,708
Fund Cash Balances, January 1, 1999	<u>551,493</u>	<u>129,326</u>	<u>0</u>	<u>680,819</u>
Fund Cash Balances, December 31, 1999	<u>\$630,943</u>	<u>\$119,309</u>	<u>\$61,275</u>	<u>\$811,527</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$627,161	\$0	\$627,161
Miscellaneous	1,246	0	1,246
Total Operating Cash Receipts	<u>628,407</u>	<u>0</u>	<u>628,407</u>
Operating Cash Disbursements:			
Remittance to Fire District	127,637	0	127,637
Personal Services	188,935	0	188,935
Fringe Benefits	73,402	0	73,402
Contractual Services	192,078	0	192,078
Supplies and Materials	80,970	0	80,970
Capital Outlay	52,586	0	52,586
Total Operating Cash Disbursements	<u>715,608</u>	<u>0</u>	<u>715,608</u>
Operating Income/(Loss)	<u>(87,201)</u>	<u>0</u>	<u>(87,201)</u>
Non-Operating Cash Receipts/Cash Disbursements:			
Miscellaneous	0	10,000	10,000
Debt Service	96,352	0	96,352
Other Financing Uses	0	(10,000)	(10,000)
Total Non-Operating Cash Disbursements	<u>96,352</u>	<u>0</u>	<u>96,352</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(183,553)	0	(183,553)
Transfers-In	0	0	0
Transfers-Out	(40,000)	0	(40,000)
Net Receipts Over/(Under) Disbursements	<u>(223,553)</u>	<u>0</u>	<u>(223,553)</u>
Fund Cash Balances, January 1, 1999	<u>601,265</u>	<u>5,345</u>	<u>606,610</u>
Fund Cash Balances, December 31, 1999	<u>\$377,712</u>	<u>\$5,345</u>	<u>\$383,057</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

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

Water Construction Fund - This fund receives intergovernmental revenues from the Ohio Public Works Commission. These receipts are used for construction of water line improvements.

4. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Fund:

Escrow Fund - This fund holds insurance monies for burned out buildings until the lot is cleared of debris and the money is remitted to the owner.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds.

Water Fund - This fund receives charges for services to cover cost of providing this utility.

Sewer Fund - This fund receives charges for services to cover cost of providing this utility.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 288,971	\$ 405,096
Certificates of deposit	<u>231,050</u>	<u>272,601</u>
Total deposits	<u>520,021</u>	<u>677,697</u>
STAR Ohio	<u>381,157</u>	<u>516,887</u>
Total investments	<u>381,157</u>	<u>516,887</u>
Total deposits and investments	<u><u>\$ 901,178</u></u>	<u><u>\$ 1,194,584</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. ACCOUNTING CHANGE

Several funds were reclassified by fund type to properly reflect fund activity in the Village, in addition, the Village did not properly reflect a transfer in the prior reporting period. The following schedule reflects the effects of these fund re-classifications:

<u>Fund Type</u>	<u>12/31/98 Balance</u>	<u>Re-class</u>	<u>Correction</u>	<u>Restated 1/1/99 Balance</u>
General	\$505,091	\$40,402	\$6,000	\$551,493
Special Revenue	312,823	(183,497)	0	129,326
Debt Service	44,112	(44,112)	0	0
Expendable Trust	5,345	(5,345)	0	0
Capital Projects	23,103	(23,103)	0	0
Enterprise	375,955	210,310	15,000	601,265
Agency	0	5,345	0	5,345
Total	<u>\$1,266,429</u>	<u>\$0</u>	<u>\$21,000</u>	<u>\$1,287,429</u>

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 559,699	\$ 560,350	\$ 651
Special Revenue	198,465	217,034	18,569
Capital Projects	981,400	287,765	(693,635)
Enterprise	698,500	539,473	(159,027)
Agency	2,000	0	(2,000)
Total	<u>\$ 2,440,064</u>	<u>\$ 1,604,622</u>	<u>\$ (835,442)</u>

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 506,024	\$ 814,180	\$ (308,156)
Special Revenue	192,924	211,805	(18,881)
Capital Projects	200,000	326,807	(126,807)
Enterprise	795,005	545,236	249,769
Agency	0	0	0
Total	<u>\$ 1,693,953</u>	<u>\$ 1,898,028</u>	<u>\$ (204,075)</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 459,831	\$ 477,118	\$ 17,287
Special Revenue	209,470	132,611	(76,859)
Capital Projects	0	354,640	354,640
Enterprise	644,000	628,407	(15,593)
Agency	0	10,000	10,000
Total	<u>\$ 1,313,301</u>	<u>\$ 1,602,776</u>	<u>\$ 289,475</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 395,903	\$ 397,668	\$ (1,765)
Special Revenue	189,758	142,628	47,130
Capital Projects	78,000	293,365	(215,365)
Enterprise	817,411	851,960	(34,549)
Agency	2,000	10,000	(8,000)
Total	<u>\$ 1,483,072</u>	<u>\$ 1,695,621</u>	<u>\$ (212,549)</u>

In 2000, expenditures exceeded appropriations in the General Fund and Special Revenue Industrial Park Fund. In 1999, expenditures exceeded appropriations in the Special Revenue Fire Department Fund.

In 2000, appropriations exceeded estimated resources in the Street Construction, Maintenance and Repair Fund and Water Debt Service Fund. In 1999, appropriations exceeded estimated resources in the Street Construction, Maintenance and Repair Fund, Motor Vehicle License Tax Fund and Sewer Debt Service Fund.

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$ 1,051,000	5-6%
Ohio Water Development Authority	9,047	6.25%
Total	\$ 1,060,047	

Outstanding Mortgage Revenue Bonds were for utility construction and improvement. Property and revenue of the municipal sanitary sewer and water systems have been pledged to repay these debts. The Bonds were issued in 1992. The Ohio Water Development Authority Loan was issued in 1979 and was for water plant expansion.

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Loan
2001	\$ 80,870	\$ 9,582
2002	79,660	0
2003	78,450	0
2004	78,240	0
2005	76,970	0
Subsequent	1,483,010	0
Total	\$ 1,877,200	\$ 9,582

**VILLAGE OF RICHWOOD
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Village has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

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

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Richwood, Union County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 4, 2001 wherein we noted the Village reclassified certain funds. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30680-001 and 2000-30680-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 4, 2001.

Village of Richwood
Union County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

June 4, 2001

VILLAGE OF RICHWOOD
UNION COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30680-001

Ohio Rev. Code Section 5705.41(B) prohibits a Village from making an expenditure unless it has been appropriated.

In 2000, expenditures exceeded appropriations in the General Fund by \$308,156 and in the Special Revenue Industrial Park Fund by \$172,500. In 1999, expenditures exceeded appropriations in the Special Revenue Fire Department Fund by \$110,075.

The Clerk/Treasurer should monitor the expenditures throughout the year to ensure that they do not exceed the appropriations approved by the Village Council. Should it be necessary to increase appropriations in excess of current approved estimated resources, the Clerk/Treasurer should request an amended certificate from the County Budget Commission and proceed with requesting Council to increase current year appropriations.

FINDING NUMBER 2000-30680-002

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources.

Appropriations exceeded estimated resources in the following funds:

1999:

Street Construction, Maintenance and Repair	\$73,501
Motor Vehicle License Tax	30,000
Sewer Debt Service	67,849

2000:

Street Construction, Maintenance and Repair	\$12,682
Water Debt Service	69,154

The Clerk/Treasurer should request an amended certificate of estimated resources if additional revenues have been received in excess of original estimates.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF RICHWOOD

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2001**