



**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF RICHFIELD
SUMMIT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Richfield, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

As discussed in Note 9, the Village restated the January 1, 2000 fund balances of certain Special Revenue and Agency Funds due to certain fund reclassifications.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 2, 2002

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**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$260,987	\$5,088,979			\$5,349,966
Special Assessments			\$549,742	\$63,502	613,244
Intergovernmental Receipts	522,369	191,877		107,034	821,280
Charges for Services	415,954	63,200			479,154
Fines, Licenses, and Permits	175,460	17,655			193,115
Earnings on Investments	170,214	77	9,371	493,595	673,257
Miscellaneous	44,618	5,025		38,931	88,574
Total Cash Receipts	<u>1,589,602</u>	<u>5,366,813</u>	<u>559,113</u>	<u>703,062</u>	<u>8,218,590</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	2,300,474	70,000			2,370,474
Public Health Services	43,032	4,929			47,961
Leisure Time Activities	48,623	92,047			140,670
Community Environment	323,284				323,284
Basic Utility Services	141,761	9,995			151,756
Transportation		966,214			966,214
General Government	473,144	84,295			557,439
Debt Service:					
Principal Payments			809,484	17,750	827,234
Interest Payments			781,256		781,256
Capital Outlay		124,601		5,030,347	5,154,948
Total Cash Disbursements	<u>3,330,318</u>	<u>1,352,081</u>	<u>1,590,740</u>	<u>5,048,097</u>	<u>11,321,236</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(1,740,716)</u>	<u>4,014,732</u>	<u>(1,031,627)</u>	<u>(4,345,035)</u>	<u>(3,102,646)</u>
Other Financing Receipts/(Disbursements):					
OWDA Loan Proceeds				389,251	389,251
Transfers-In	2,026,032	1,035,000	1,060,000	1,356,000	5,477,032
Sale of Fixed Assets	5,838			16,850	22,688
Transfers-Out	(6,000)	(4,876,032)		(595,000)	(5,477,032)
Other Uses	(641)	(66,409)		(63,198)	(130,248)
Total Other Financing Receipts/(Disbursements)	<u>2,025,229</u>	<u>(3,907,441)</u>	<u>1,060,000</u>	<u>1,103,903</u>	<u>281,691</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>284,513</u>	<u>107,291</u>	<u>28,373</u>	<u>(3,241,132)</u>	<u>(2,820,955)</u>
Fund Cash Balances, January 1	<u>704,964</u>	<u>567,240</u>	<u>321,919</u>	<u>9,643,152</u>	<u>11,237,275</u>
Fund Cash Balances, December 31	<u>\$989,477</u>	<u>\$674,531</u>	<u>\$350,292</u>	<u>\$6,402,020</u>	<u>\$8,416,320</u>
Reserves for Encumbrances, December 31	<u>\$18,876</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,315,833</u>	<u>\$1,334,709</u>

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$621,578	\$94,253	\$715,831
Miscellaneous	34		34
	<u>621,612</u>	<u>94,253</u>	<u>715,865</u>
Operating Cash Disbursements:			
Personal Services	163,443		163,443
Travel Transportation	603		603
Contractual Services	350,208		350,208
Community Environment		115,093	115,093
Supplies and Materials	74,492		74,492
	<u>588,746</u>	<u>115,093</u>	<u>703,839</u>
Total Operating Cash Receipts	<u>621,612</u>	<u>94,253</u>	<u>715,865</u>
Operating Income	32,866	(20,840)	12,026
Fund Cash Balances, January 1	<u>241,471</u>	<u>75,193</u>	<u>316,664</u>
Fund Cash Balances, December 31	<u>\$274,337</u>	<u>\$54,353</u>	<u>\$328,690</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$292,027	\$4,376,433			\$4,668,460
Special Assessments			\$569,271		569,271
Intergovernmental Receipts	481,817	247,191		\$6,137	735,145
Charges for Services	256,451	83,596		165,864	505,911
Fines, Licenses, and Permits	307,954	37,166			345,120
Earnings on Investments	194,325			252,317	446,642
Miscellaneous	28,759	16,932		62,400	108,091
Total Cash Receipts	1,561,333	4,761,318	569,271	486,718	7,378,640
Cash Disbursements:					
Current:					
Security of Persons and Property	2,091,320	70,000			2,161,320
Public Health Services	39,250	29,734			68,984
Leisure Time Activities	18,687	104,111			122,798
Community Environment	237,109				237,109
Basic Utility Services	135,370	20,700			156,070
Transportation		959,398			959,398
General Government	428,786	89,782			518,568
Debt Service:					
Principal Payments			167,276	17,750	185,026
Interest Payments			423,464		423,464
Capital Outlay		120,173		3,383,193	3,503,366
Total Cash Disbursements	2,950,522	1,393,898	590,740	3,400,943	8,336,103
Total Cash Receipts Over/(Under) Cash Disbursements	(1,389,189)	3,367,420	(21,469)	(2,914,225)	(957,463)
Other Financing Receipts/(Disbursements):					
Proceeds of Notes				6,890,000	6,890,000
Transfers-In	1,500,000	926,000	60,000	3,349,073	5,835,073
Sale of Fixed Assets	17,244				17,244
Transfers-Out	(3,000)	(4,100,000)		(1,732,073)	(5,835,073)
Other Sources	4,330		9,344		13,674
Other Uses		(117,156)			(117,156)
Total Other Financing Receipts/(Disbursements)	1,518,574	(3,291,156)	69,344	8,507,000	6,803,762
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	129,385	76,264	47,875	5,592,775	5,846,299
Fund Cash Balances, January 1 - Restated	575,579	490,976	274,044	4,050,377	5,390,976
Fund Cash Balances, December 31	\$704,964	\$567,240	\$321,919	\$9,643,152	\$11,237,275
Reserves for Encumbrances, December 31	\$0	\$108,689	\$0	\$3,794,645	\$3,903,334

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

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

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$595,189	\$32,689	\$627,878
Miscellaneous	1,821		1,821
 Total Operating Cash Receipts	 597,010	 32,689	 629,699
Operating Cash Disbursements:			
Personal Services	142,094		142,094
Travel Transportation	300		300
Contractual Services	359,737		359,737
Community Environment		1,164	1,164
Supplies and Materials	69,247		69,247
 Total Operating Cash Disbursements	 571,378	 1,164	 572,542
 Operating Income	 25,632	 31,525	 57,157
 Fund Cash Balances, January 1 - Restated	 215,839	 43,668	 259,507
 Fund Cash Balances, December 31	 \$241,471	 \$75,193	 \$316,664
 Reserve for Encumbrances, December 31	 \$0	 \$0	 \$0

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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 and repurchase agreements are valued at cost.

Investments are included in the fund cash balances. 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 Fund

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 has the following significant Special Revenue Fund:

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fund Accounting

2. Special Revenue Fund (Continued)

Income Tax Fund- This fund is used to record the collection of self assessed taxes, the cost of collecting such taxes, and the distribution to various other funds in accordance with Village ordinances.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village has 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 Sewer District #1 Fund - This fund is used to account for the assessments collected from property owners for the purpose of repaying Ohio Water Development Authority loans obtained for installing sewer lines.

4. Capital Projects Fund

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

Municipal Building Construction Fund - This fund received general obligation bond proceeds. The proceeds are being used to construct a new municipal building.

5. Enterprise Fund

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

Sanitary Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Fund (Agency Funds)

These funds are used to account for resources for which the Village is acting in an agency capacity. The Village has the following significant agency fund:

Contractor Retainage Fund - This fund is used to account for moneys retained by the village and placed in escrow accounts until the contract is completed.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

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 reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>\$2,001</u>	<u>2000</u>
Demand deposits	\$ (212,571)	\$ 60,468
Certificates of deposit	<u>8,602,581</u>	<u>11,123,471</u>
Total deposits	8,390,010	11,183,939
Repurchase Agreements	<u>355,000</u>	<u>370,000</u>
Total deposits and investments	<u>\$ 8,745,010</u>	<u>\$ 11,553,939</u>

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

Investments: The Village's agent holds securities collateralizing repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,504,806	\$ 3,621,472	\$ 116,666
Special Revenue	6,409,206	6,401,813	(7,393)
Debt Service	1,586,200	1,619,113	32,913
Capital Projects	2,421,731	2,465,163	43,432
Enterprise	<u>644,330</u>	<u>621,612</u>	<u>(22,718)</u>
Total	<u>\$ 14,566,273</u>	<u>\$ 14,729,173</u>	<u>\$ 162,900</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,757,495	\$ 3,355,835	\$ 401,660
Special Revenue	6,768,933	6,294,522	474,411
Debt Service	1,590,743	1,590,740	3
Capital Projects	7,707,931	7,022,128	685,803
Enterprise	<u>705,600</u>	<u>588,746</u>	<u>116,854</u>
Total	<u>\$ 20,530,702</u>	<u>\$ 18,851,971</u>	<u>\$ 1,678,731</u>

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,858,052	\$ 3,082,907	\$ 224,855
Special Revenue	5,505,361	5,687,318	181,957
Debt Service	596,110	638,615	42,505
Capital Projects	7,593,360	10,725,791	3,132,431
Enterprise	<u>539,330</u>	<u>597,010</u>	<u>57,680</u>
Total	<u>\$ 17,092,213</u>	<u>\$ 20,731,641</u>	<u>\$ 3,639,428</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,331,708	\$ 2,953,522	\$ 378,186
Special Revenue	5,912,589	5,719,743	192,846
Debt Service	590,740	590,740	0
Capital Projects	10,784,588	8,927,661	1,856,927
Enterprise	<u>648,075</u>	<u>571,378</u>	<u>76,697</u>
Total	<u>\$ 21,267,700</u>	<u>\$ 18,763,044</u>	<u>\$ 2,504,656</u>

4. 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 payments, 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 May 30.

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$ 5,408,975	8%
Ohio Public Works Commission Loans	153,873	0%
General Obligation Bond Anticipation Notes	6,261,027	5%
Total	\$ 11,823,875	

The Ohio Water Development Authority (OWDA) project loans were obtained for the purpose of installing sewer lines. The Ohio Public Works Commission (OPWC) project loans were obtained for the purpose of extending the City of Cleveland's water lines and to pave streets. The OWDA and OPWC loans will be repaid in aggregate semiannual installments of \$341,498 and \$8,875, respectively, including interest over 22 years. The loans are collateralized by water and sewer receipts. The Village has also agreed to set utility rates sufficient to cover OWDA debt service requirements.

General obligation bond anticipation notes were issued in anticipation of the issuance of bonds to pay the costs of various capital projects.

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

Year ending December 31:	OWDA Loans	OPWC Loans	Bond Anticipation Notes
2002	\$ 636,869	\$ 17,750	\$ 697,957
2003	682,996	17,750	679,354
2004	682,997	17,750	660,751
2005	682,997	17,750	642,148
2006	682,995	17,750	623,545
2007 - 2011	2,998,803	37,000	5,083,442
2012 - 2016	2,564,014	28,125	0
2017 - 2018	171,493	0	0
Total	\$ 9,103,164	\$ 153,875	\$ 8,387,197

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds. (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are 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.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participants wages and 24% of fire participants wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine
- General liability
- Public official's liability
- Employer's liability
- Employee benefits liability
- Cemetery liability

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

8. CONTINGENT LIABILITIES

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

9. RESTATEMENT OF PRIOR YEAR BALANCES

The Village has reclassified its Police Pension Trust Fund and Fire Pension Trust Fund (previously reported as expendable trust funds) to Special Revenue Funds. The Village also has reclassified its Contractor Retainage Fund, Unclaimed Money Fund, and Drilling Administration Fund (previously reported as expendable trust funds) to Agency Funds. The reclassifications had the following effect on Fund Balances as of January 1, 2000 and the Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements for the year ended December 31, 1999:

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

9. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

	Expendable Trust	Special Revenue	Agency
Fund Cash Balance, as previously reported	\$50,462	\$484,182	\$0
Effect of reclassifications	(50,462)	6,794	43,668
Restated amount, as of January 1, 2000	\$0	\$490,976	\$43,668
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses, as previously reported	(\$3,151)	\$233,837	\$0
Effect of reclassifications	3,151	(2,704)	(447)
Restated amount for the year ended December 31, 1999	\$0	(\$236,541)	(\$447)



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Richfield, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 certain 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 May 2, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 2, 2002

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action <u>Taken</u> ; or Finding No <u>Longer Valid</u> ; Explain
1999-30977-001	Appropriations exceeded Estimated Resources in the Income Tax Fund and Capital Improvement Fund.	Yes	



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VILLAGE OF RICHFIELD

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 18, 2002**