

VILLAGE OF RICHWOOD
UNION COUNTY, OHIO
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022





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Columbus, Ohio 43215
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Village Council
Village of Richwood
153 N Franklin St
Richwood, OH 43344-1055

We have reviewed the *Independent Auditor's Report* of the Village of Richwood, Union County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 18, 2025

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**VILLAGE OF RICHWOOD
UNION COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of Richwood
Union County
153 North Franklin Street
Richwood, Ohio 43344

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 Richwood, Union County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022 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, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022 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, as of December 31, 2023 and 2022, or the changes in financial position or cash flows thereof for the years 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.

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.

Village of Richwood
Union County
Independent Auditor's Report
Page 3

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 January 28, 2025, 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.

Charles E. Harris & Associates, Inc.
January 28, 2025

**VILLAGE OF RICHWOOD
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 187,989	\$ 208,068	\$ -	\$ 396,057
Municipal Income Tax	805,170	-	-	805,170
Intergovernmental	28,018	187,841	170,429	386,288
Charges for Services	267	5,955	-	6,222
Fines, Licenses and Permits	16,765	-	-	16,765
Earnings on Investments	84,552	12,266	-	96,818
Miscellaneous	7,426	12,669	-	20,095
<i>Total Cash Receipts</i>	<i>1,130,187</i>	<i>426,799</i>	<i>170,429</i>	<i>1,727,415</i>
Cash Disbursements				
Current:				
Security of Persons and Property	646,509	11,586	-	658,095
Public Health Services	5,790	-	-	5,790
Leisure Time Activities	-	79,803	-	79,803
Community Environment	2,500	-	-	2,500
Transportation	1,918	83,720	-	85,638
General Government	278,266	3,286	-	281,552
Capital Outlay	133,511	479,878	171,709	785,098
<i>Total Cash Disbursements</i>	<i>1,068,494</i>	<i>658,273</i>	<i>171,709</i>	<i>1,898,476</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>61,693</i>	<i>(231,474)</i>	<i>(1,280)</i>	<i>(171,061)</i>
Other Financing Receipts (Disbursements)				
Transfers In	-	4,000	-	4,000
Transfers Out	(4,000)	-	-	(4,000)
Advances In	203,218	34,498	200,000	437,716
Advances Out	(234,498)	(34,498)	(148,720)	(417,716)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(35,280)</i>	<i>4,000</i>	<i>51,280</i>	<i>20,000</i>
<i>Net Change in Fund Cash Balances</i>	<i>26,413</i>	<i>(227,474)</i>	<i>50,000</i>	<i>(151,061)</i>
<i>Fund Cash Balances, January 1</i>	<i>547,607</i>	<i>629,769</i>	<i>183,334</i>	<i>1,360,710</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 574,020</i>	<i>\$ 402,295</i>	<i>\$ 233,334</i>	<i>\$ 1,209,649</i>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Proprietary Fund Type</u>
Operating Cash Receipts	<u>Enterprise</u>
Charges for Services	<u>\$ 798,031</u>
<i>Total Operating Cash Receipts</i>	<u>798,031</u>
Operating Cash Disbursements	
Personal Services	191,872
Fringe Benefits	140,957
Contractual Services	158,260
Supplies and Materials	99,647
Other	<u>12,000</u>
<i>Total Operating Cash Disbursements</i>	<u>602,736</u>
<i>Operating Income (Loss)</i>	<u>195,295</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	417
Loans Issued	214,190
Capital Outlay	(263,690)
Principal Retirement	(97,574)
Interest and Other Fiscal Charges	<u>(5,016)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(151,673)</u>
<i>Income before Advances</i>	43,622
Advances Out	<u>(20,000)</u>
<i>Net Change in Fund Cash Balances</i>	23,622
<i>Fund Cash Balances, January 1</i>	<u>949,539</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 973,161</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Other Custodial
Additions	
Charges for Services	\$ 830
Intergovernmental	2,500
Other Amounts Collected for Distribution	34,455
<i>Total Additions</i>	<hr/> <hr/> 37,785
Deductions	
Distributions to Other Funds	49,113
<i>Total Deductions</i>	<hr/> <hr/> 49,113
Net Change in Fund Balances	(11,328)
<i>Fund Cash Balances, January 1</i>	<hr/> 41,063
<i>Fund Cash Balances, December 31</i>	<hr/> <hr/> \$ 29,735

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

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Richwood, Union 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 six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Union County Sheriff's department to provide additional security of persons and property. The Village contracts with Northern Union County Fire Department to receive fire protection services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization. Note 11 to the financial statements provides additional information about the entity.

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 7 to the financial statements describes these assets.

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, 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:

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 This 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – (Continued)

Fund Accounting - Continued

Special Revenue Funds – Continued

Park and Recreation Fund This fund receives property taxes and grants awarded for operating, maintaining, and repairing the Village park.

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 funds:

Industrial Park Fund This fund receives state grants for preparation of the Village's industrial park. This fund also received income from land sales for more commercial use for the Industrial Park.

South Franklin Street Project Phase I Fund This fund receives state grants along with loan proceeds for updating and repairing water and sewer lines, streets, curbs, and sidewalks.

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:

Water Operating Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents and commercial customers to cover service costs.

Sewer Operating Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents and commercial customers to cover service costs.

Fiduciary Funds Fiduciary funds include custodial funds. 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's Insurance Escrow custodial fund holds money for fire damage clean-up of property within the Village. Miscellaneous receipts into this fund are from insurance proceeds for fire damage to specific properties and once the property owners clean up, the Village remits monies to the owners. The Village's Farmers Market custodial fund receives donations and fees and disburses funds as directed by a committee of residents and a Village appointee.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – (Continued)

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 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 re-appropriated.

A summary of 2023 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies – (Continued)

SBITAs

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

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 *non-spendable* when legally or contractually required to maintain the amounts intact.

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.

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 12.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 944,498	\$ 1,333,405	\$ 388,907
Special Revenue	356,000	465,297	109,297
Capital Projects	214,000	370,429	156,429
Enterprise	4,498,000	1,012,638	(3,485,362)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,410,816	\$ 1,329,995	\$ 80,821
Special Revenue	830,295	703,262	127,033
Capital Projects	397,334	171,709	225,625
Enterprise	4,774,745	1,001,524	3,773,221

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. A summary of the Village's deposit and investment accounts are as follows:

	2023
Cash Management Pool:	
Demand deposits	\$ 291,850
Total deposits	<u>291,850</u>
 STAR Ohio	
Total investments	<u>1,920,695</u>
Total Deposits and Investments	<u>1,920,695</u>
	<u><u>\$ 2,212,545</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$25,831 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits and Investments – (Continued)

Investments

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

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.

Income Taxes

The Village levies a municipal income tax of 1 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 – Interfund Balances

Outstanding advances at December 31, 2023, consisted of \$50,000 advanced to the Park Shelter Parking Lot fund and \$1,280 advanced to the Park Splash Pad fund to provide working capital for projects.

Note 7 – 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management – (Continued)

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Some Village's certified Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
OPWC Loan CK28Q	\$ 145,121	0.00%
OPWC Loan CT38T	202,237	0.00%
OPWC Loan CT61U	155,834	0.00%
OPWC Loan CT36V	527,035	0.00%
OPWC Loan CT5BX	485,333	0.00%
ODWA #3341	66,515	4.00%
ODWA #8894	311,905	0.00%
OWDA #10342	145,000	2.37%
Total	<u>\$ 2,038,980</u>	

The Village obtained a loan from OPWC (CK28Q) in July of 2016 for water system improvements. The loan is due in semi-annual installments of \$5,805 through 2036 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT38T) in January 2017 for East Ottawa Construction. The loan is due in semi-annual installments of \$4,213 through 2047 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT61U) in 2018 for East Bomford St. reconstruction. The loan is due in semi-annual installments of \$3,117 through July 2048 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT36V) for Franklin Street reconstruction, phase 1. The loan is due in semi-annual installments of \$9,944 through 2050 at an interest rate of 0.00 percent.

The Village obtained a load from OPWC (CT5BX) for Franklin Street Construction Phase II. The loan is due in semi-annual installments of \$8,667 through 2052 at 0% interest rate.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt – (Continued)

The Village obtained a loan from OWDA (3341) in July 2002 for Water System Improvements. The loan is due in semi-annual variable installments of \$9,195 through 2027 at an interest rate of 4.0 percent.

The Village obtained a loan from OWDA (8894) in May of 2020 for \$351,225 at a rate of 2.37%. As of December 31, 2023, \$311,905 has been disbursed on behalf of the Village.

The Village obtained a loan from OWDA (10342) in 2023 for \$528,000 at a rate of 0% for water pollution control. As of December 31, 2023, \$145,000 has been disbursed on behalf of the Village.

Amortization

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

Year Ending	<u>December 31,</u>	<u>OPWC</u>	<u>OWDA</u>
2024	\$ 31,747	\$ 20,091	
2025	63,492	20,518	
2026	63,492	20,973	
2027	63,492	10,441	
2028	63,492	-	
2029-2033	317,460	-	
2034-2038	294,236	-	
2039-2043	259,410	-	
2044-2048	255,210	-	
2049-2052	103,529	-	
	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black;"/>	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black;"/>	<hr style="border: 1px solid black; border-top: none; border-bottom: 1px solid black;"/>
	\$ 1,515,560	\$ 72,023	

An amortization schedule is not yet available for OWDA loans 8894 and 10342.

Note 11 – Jointly Governed Organizations

The Village of Richwood, Claiborne Township, Jackson Township and York Township appoint one member to the Board of Trustees of the Northern Union County Joint Fire and EMS District. The Northern Union County Joint Fire and EMS District provides fire protection and rescue services within the district.

Note 12 – Fund Balances

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
Outstanding Encumbrances	\$ 23,003	\$ 10,491

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Fund Balances – (Continued)

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

Note 13 – 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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**VILLAGE OF RICHWOOD
UNION COUNTY**
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)**
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 177,462	\$ 111,206	\$ -	\$ 288,668
Municipal Income Tax	681,959	-	-	681,959
Intergovernmental	30,890	307,281	-	338,171
Charges for Services	236	3,340	-	3,576
Fines, Licenses and Permits	11,638	-	-	11,638
Earnings on Investments	13,783	2,202	-	15,985
Miscellaneous	17,772	26,710	-	44,482
<i>Total Cash Receipts</i>	<i>933,740</i>	<i>450,739</i>	<i>-</i>	<i>1,384,479</i>
Cash Disbursements				
Current:				
Security of Persons and Property	621,475	16,448	-	637,923
Public Health Services	3,848	-	-	3,848
Leisure Time Activities	-	83,508	-	83,508
Transportation	-	144,506	-	144,506
General Government	244,377	1,587	-	245,964
Capital Outlay	37,743	124,328	-	162,071
<i>Total Cash Disbursements</i>	<i>907,443</i>	<i>370,377</i>	<i>-</i>	<i>1,277,820</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>26,297</i>	<i>80,362</i>	<i>-</i>	<i>106,659</i>
Other Financing Receipts (Disbursements)				
Advances Out	(20,000)	-	-	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(20,000)</i>	<i>-</i>	<i>-</i>	<i>(20,000)</i>
<i>Net Change in Fund Cash Balances</i>	<i>6,297</i>	<i>80,362</i>	<i>-</i>	<i>86,659</i>
<i>Fund Cash Balances, January 1 - restated</i>	<i>541,310</i>	<i>549,407</i>	<i>183,334</i>	<i>1,274,051</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 547,607</i>	<i>\$ 629,769</i>	<i>\$ 183,334</i>	<i>\$ 1,360,710</i>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Proprietary Fund Type</u>	
<u>Enterprise</u>	
Operating Cash Receipts	
Charges for Services	\$ 768,092
<i>Total Operating Cash Receipts</i>	<u>768,092</u>
Operating Cash Disbursements	
Personal Services	186,306
Employee Fringe Benefits	140,005
Contractual Services	155,557
Supplies and Materials	<u>102,014</u>
<i>Total Operating Cash Disbursements</i>	<u>583,882</u>
<i>Operating Income (Loss)</i>	184,210
Non-Operating Receipts (Disbursements)	
Earnings on Investments	77
Loans Issued	97,474
Capital Outlay	(105,726)
Principal Retirement	(96,699)
Interest and Other Fiscal Charges	<u>(1,821)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(106,695)</u>
<i>Income before Advances</i>	77,515
Advances In	<u>20,000</u>
<i>Net Change in Fund Cash Balances</i>	97,515
<i>Fund Cash Balances, January 1 - restated</i>	<u>852,024</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 949,539</u>

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

**VILLAGE OF RICHWOOD
UNION COUNTY**

**STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Other Custodial
Additions	
Charges for Services	\$ 2,006
Intergovernmental	5,000
Other Amounts Collected for Distribution	13,320
<i>Total Additions</i>	<hr/> <hr/> 20,326
Deductions	
Other Distributions	18,053
<i>Total Deductions</i>	<hr/> <hr/> 18,053
Net Change in Fund Balances	2,273
<i>Fund Cash Balances, January 1 - restated</i>	<hr/> <hr/> 38,790
<i>Fund Cash Balances, December 31</i>	<hr/> <hr/> \$ 41,063

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

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Richwood, Union 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 six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the Union County Sheriff's department to provide additional security of persons and property. The Village contracts with Northern Union County Fire Department to receive fire protection services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization. Note 11 to the financial statements provides additional information about the entity.

The Village participates in the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 7 to the financial statements describes these assets.

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, 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) for 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:

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 This 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

Fund Accounting - Continued

Special Revenue Funds – Continued

Park and Recreation Fund This fund receives property taxes and grants awarded for operating, maintaining, and repairing the Village park.

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 funds:

Industrial Park Fund This fund receives state grants for preparation of the Village's industrial park. This fund also received income from land sales for more commercial use for the Industrial Park.

South Franklin Street Project Phase I Fund This fund receives state grants along with loan proceeds for updating and repairing water and sewer lines, streets, curbs, and sidewalks.

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:

Water Operating Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents and commercial customers to cover service costs.

Sewer Operating Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents and commercial customers to cover service costs.

Fiduciary Funds Fiduciary funds include custodial funds. 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's Insurance Escrow custodial fund holds money for fire damage clean-up of property within the Village. Miscellaneous receipts into this fund are from insurance proceeds for fire damage to specific properties and once the property owners clean up, the Village remits monies to the owners. The Village's Farmers Market custodial fund receives donations and fees and disburses funds as directed by a committee of residents and a Village appointee.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

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. Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

A summary of 2022 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies - Continued

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 *non-spendable* when legally or contractually required to maintain the amounts intact.

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.

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 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$856,000	\$933,740	\$77,740
Special Revenue	624,285	450,739	(173,546)
Capital Projects	-	-	-
Enterprise	4,490,200	885,643	(3,604,557)

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity - Continued

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,218,546	\$1,012,225	\$206,321
Special Revenue	832,247	385,489	446,758
Capital Projects	193,334	-	193,334
Enterprise	4,806,389	842,559	3,963,830

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. A summary of the Village's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 1,527,007
Total deposits	<u>1,527,007</u>
 STAR Ohio	
Total investments	824,305
Total Deposits and Investments	<u>824,305</u>
	<u><u>\$ 2,351,312</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$21,773 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Investments

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

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Income Taxes

The Village levies a municipal income tax of 1 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 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$20,000 advanced to the Magnetic Springs Sewer fund to provide working capital for operations.

Note 7 – 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.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management - Continued

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

<u>2022</u>	
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

Some Village's certified Fire Fighters and full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC Loan CK28Q	\$ 156,730	0.00%
OPWC Loan CT38T	210,663	0.00%
OPWC Loan CT61U	162,067	0.00%
OPWC Loan CT36V	546,923	0.00%
OPWC Loan CT5BX	502,667	0.00%
ODWA #3341	83,037	4.00%
OWDA #8894	260,277	2.37%
Total	\$ 1,922,364	

The Village obtained a loan from OPWC (CK28Q) in July of 2016 for water system improvements. The loan is due in semi-annual installments of \$5,805 through 2036 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT38T) in January 2017 for East Ottawa Construction. The loan is due in semi-annual installments of \$4,213 through 2047 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT61U) in 2018 for East Bomford St. reconstruction. The loan is due in semi-annual installments of \$3,117 through July 2048 at an interest rate of 0.00 percent.

The Village obtained a loan from Ohio Public Works Commission (CT36V) for Franklin Street reconstruction, phase 1. The loan is due in semi-annual installments of \$9,944 through 2050 at an interest rate of 0.00 percent.

The Village obtained a loan from OPWC (CT5BX) for Franklin Street Construction Phase II. The loan is due in semi-annual installments of \$8,667 through 2052 at 0% interest rate.

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt – Continued

The Village obtained a loan from OWDA (3341) in July 2002 for Water System Improvements. The loan is due in semi-annual variable installments of \$9,195 through 2027 at an interest rate of 4.0 percent.

The Village obtained a loan from OWDA (7251) in January of 2018 for Inflow and Infiltration Study. The loan is due in semi-annual installments of \$14,500 through 2022 at an interest rate of 0.00 percent.

The Village obtained a loan from OWDA (8894) in May of 2020 for \$351,225 at a rate of 2.37%. As of December 31, 2022, \$251,496 has been disbursed on behalf of the Village.

Amortization

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

Year Ending	OPWC	OWDA
<u>December 31,</u>		
2023	\$ 31,746	\$ 19,690
2024	63,492	20,091
2025	63,492	20,518
2026	63,492	20,973
2027	63,492	10,441
2028-2032	317,460	-
2033-2037	305,845	-
2038-2042	259,410	-
2043-2047	259,410	-
2048-2052	151,211	-
	<hr/> <u>\$ 1,579,050</u>	<hr/> <u>\$ 91,713</u>

An amortization schedule is not yet available for OWDA loan 8894.

Note 11 – Jointly Governed Organizations

The Village of Richwood, Claiborne Township, Jackson Township and York Township appoint one member to the Board of Trustees of the Northern Union County Joint Fire and EMS District. The Northern Union County Joint Fire and EMS District provides fire protection and rescue services within the district.

Note 12 – Fund Balances

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
Outstanding Encumbrances	\$ 84,782	\$ 15,112

Village of Richwood, Ohio
Union County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Fund Balances - Continued

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

Note 13 – 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 ended in April 2023. During 2022, the Village received COVID-19 funding. 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.

Note 14 – Restated Fund Balance

The Village recorded interest in 2022 differently from how it had been previously recorded in 2021. In addition, the Village corrected the recording of some expenditures incurred in 2018 and reclassified some fund balances. Therefore, the beginning fund balance for 2022 is restated as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Fiduciary Fund
Fund Balance as previously reported	\$538,787	\$545,220	\$194,665	\$847,168	\$39,026
Correction of the recording of interest in 2021	6,811	(388)	(1,331)	(4,857)	(236)
Reclassification of fund balance	-	1,779	(10,000)	8,221	-
Correction of the coding of expenditures in 2018	(4,288)	2,796	-	1,492	-
Restated Fund Balance	<u>\$541,310</u>	<u>\$549,407</u>	<u>\$183,334</u>	<u>\$852,024</u>	<u>\$38,790</u>

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

Village of Richwood
Union County
153 North Franklin Street
Richwood, Ohio 43344

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, proprietary and fiduciary fund type of the Village of Richwood, Union County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Village of Richwood

Union County

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

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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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is disclosed in the accompanying Schedule of Findings as item 2023-002.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated January 28, 2025.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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.

January 28, 2025

**VILLAGE OF RICHWOOD
UNION COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

FINDING 2023-001 - Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

For 2023

- State rollback receipts of \$16,244 were erroneously posted as Property and Other Local Taxes rather than Intergovernmental receipts;
- Local government sales tax receipts of \$10,278 were erroneously posted as Intergovernmental receipts rather than Property and Other Local taxes;
- Motor Vehicle License Tax receipts of \$10,238 were erroneously posted as Property and Other Local Taxes rather than Intergovernmental receipts;
- A loan receipt for \$31,000 was erroneously posted to Intergovernmental receipts rather than Loans Issued;
- A transaction for \$309,000 was posted to Other Financing Uses and Loans Issued in error;
- Disbursements totaling \$37,352 for capital outlay purchases were erroneously posted as Other Financing Uses;
- Capitalized interest of \$6,190 was not posted;
- Interest payments of \$3,168 and loan processing fees of \$1,848 were erroneously posted as Principal Retirement;
- Disbursements totaling \$220,242 for capital outlay purchases were erroneously posted as Intergovernmental Disbursements;
- Advances In for \$54,498 were erroneously posted as Transfers In;
- The Opera House Fund and the Farmers Market Fund were erroneously classified as Internal Service funds rather than a Special Revenue and Fiduciary fund, respectively; the North Union Veterans fund was erroneously classified as an Enterprise fund rather than a Special Revenue fund and the Water Construction fund was erroneously classified as a Capital Project fund rather than an Enterprise fund and
- Intergovernmental receipts of \$44,100 and Miscellaneous Receipts were erroneously recorded as Charges for Services.

For 2022

- State rollback receipts of \$12,676 were erroneously recorded as Property and Other Local Taxes rather than Intergovernmental receipts;
- Local government sales tax receipts of \$15,371 were erroneously recorded as Intergovernmental receipts rather than Property and Local Taxes;
- Motor Vehicle License Tax receipts of \$11,520 were erroneously posted as Property and Other Local Taxes rather than Intergovernmental receipts;
- A loan receipt for \$30,000 was erroneously recorded as an Intergovernmental receipt;
- Disbursements totaling \$99,743 for capital outlay purchases were erroneously posted as Other Financing Uses;
- Capitalized interest of \$5,474 was not posted;
- Interest payments of \$1,821 were erroneously posted as principal payments;
- Disbursements totaling \$35,997 for capital outlay purchases were erroneously posted as Intergovernmental Disbursements;
- An Advance Out for \$20,000 was erroneously posted as a Transfer Out.

**VILLAGE OF RICHWOOD
UNION COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

FINDING 2023-001 - Material Weakness (Continued)

Financial Reporting - Posting Receipts and Disbursements

- The Opera House Fund and the Farmers Market Fund were erroneously classified as Internal Service funds rather than a Special Revenue and Fiduciary fund, respectively; the North Union Veterans fund was erroneously classified as an Enterprise fund rather than a Special Revenue fund and the Water Construction fund was erroneously classified as a Capital Project fund rather than an Enterprise fund and
- Miscellaneous Receipts of \$14,568 were erroneously posted as Charges for Services.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements and Village's records reflect all reclassifications and adjustments.

Also, during 2023 and 2022 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Reporting Entity
- Summary of Significant Accounting Policies
- Budgetary Activity
- Deposits and Investments
- Interfund Balances
- Risk Management
- Defined Benefit Pension Plans
- Post Employment Benefits
- Debt
- Fund Balance
- Public Entity Risk Pool

We recommend the Fiscal Officer refer to the Village Officers Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan on page 36.

**VILLAGE OF RICHWOOD
UNION COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

FINDING 2023-002 – Noncompliance/Material Weakness

Restricted Monies

Ohio Rev. Code § 5705.10(1) states that money paid into any fund shall be used only for the purposes for which such fund was established. Contrary to this requirement, we noted the following:

- During 2023, the Village erroneously posted property taxes to the Permissive Motor Vehicle License Tax Fund rather than the Street Construction, Maintenance and Repair Special Revenue Fund in the amount of \$42,016.
- In 2023 rollback taxes of \$3,715, were erroneously recorded to the General Fund rather than \$1,603 in the Parks and Recreation Fund and \$2,112 in the Street Construction, Maintenance and Repair Fund and in 2022, \$1,064 in rollback taxes were erroneously recorded to the General Fund rather than the Parks and Recreation Fund.
- In 2023, motor vehicle license taxes of \$1,077 were erroneously recorded to the State Highway Fund rather than the Street Construction, Maintenance and Repair Special Revenue Fund.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions. Lack or failure of controls over posting of financial transactions could result in monies being expended for unallowable purposes.

We recommend the Village closely monitor financial activity to ensure that restricted receipts and disbursements are only being applied to the fund established for such purposes. Management can use the Village Officer's Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response: - See Corrective Action Plan on page 36.

**VILLAGE OF RICHWOOD
UNION COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Audit adjustments, Reclassifications and Notes to the Financial Statements	Not Corrected	N/A
2021-002	On-Behalf Payments	Corrected	N/A
2021-003	Restricted Monies	Not Corrected	N/A

**VILLAGE OF RICHWOOD
UNION COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	Fiscal Officer will follow the guidance obtained during the current audit, Village Officer's Handbook and Uniform Accounting Network to post Village accounting activity.	Immediately	Sarah Sellers – Fiscal Officer
2023-002	Fiscal Officer will follow the guidance obtained during the current audit, Village Officer's Handbook and Uniform Accounting Network to post Village accounting activity.	Immediately	Sarah Sellers – Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RICHWOOD

UNION 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 5/8/2025

65 East State 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