

**VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Richfield, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 11, 2010

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**VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 and 2008**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Richfield, Summit County, Ohio as and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although, we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Richfield, Summit County as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2010, 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

July 2, 2010

**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, 2009**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 407,306	\$ 128,676	-	\$ 117,653	\$ 653,635
Municipal Income Tax	-	7,777,688	-	-	7,777,688
Intergovernmental Receipts	506,050	22,624	-	311,403	840,077
Special Assessments	-	-	\$ 493,724	-	493,724
Charges for Services	942,330	42,504	-	221,681	1,206,515
Fines, Licenses and Permits	92,914	299,942	-	-	392,856
Earnings on Investments	101,844	3,681	-	-	105,525
Miscellaneous	59,232	15,352	-	1,294	75,878
Total Cash Receipts	2,109,676	8,290,467	493,724	652,031	11,545,898
Cash Disbursements:					
Current:					
Security of Persons/Property	4,114,878	121,926	-	-	4,236,804
Public Health Services	66,876	2,983	-	-	69,859
Leisure Time Activities	64,895	181,852	-	-	246,747
Community Environment	484,530	-	-	-	484,530
Basic Utility Service	220,400	7,538	-	-	227,938
Transportation	-	1,750,010	-	-	1,750,010
General Government	794,706	321,677	-	-	1,116,383
Capital Outlay	-	-	-	1,771,020	1,771,020
Debt Service:					
Principal Retirement	-	-	1,405,614	20,311	1,425,925
Interest and Fiscal Charges	-	-	469,386	15,534	484,920
Total Cash Disbursements	5,746,285	2,385,986	1,875,000	1,806,865	11,814,136
Total Receipts Over/(Under) Disbursements	(3,636,609)	5,904,481	(1,381,276)	(1,154,834)	(268,238)
Other Financing Sources/(Uses):					
Sale of Fixed Assets	42,427	-	-	159,257	201,684
Transfers-In	3,534,761	1,760,794	1,366,079	1,042,081	7,703,715
Transfers-Out	(2,081)	(7,751,634)	-	(50,000)	(7,803,715)
Other Financing Sources	14,203	-	-	-	14,203
Other Financing Uses	(33,617)	-	-	(74,112)	(107,729)
Total Other Financing Sources/(Uses)	3,555,693	(5,990,840)	1,366,079	1,077,226	8,158
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(80,916)	(86,359)	(15,197)	(77,608)	(260,080)
Fund Cash Balance, January 1	497,059	965,790	400,348	4,340,655	6,203,852
Fund Cash Balance, December 31	\$ 416,143	\$ 879,431	\$ 385,151	\$ 4,263,047	\$ 5,943,772
Reserves for Encumbrances	\$ -	\$ -	\$ -	\$ 1,255,332	\$ 1,255,332

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type Enterprise Funds</u>	<u>Fiduciary Fund Type Agency Fund</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,104,052	-	\$ 1,104,052
Fines, Licenses and Permits	12,650	\$ 17,200	29,850
Miscellaneous	1,405	-	1,405
	<u>1,118,107</u>	<u>17,200</u>	<u>1,135,307</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	89,263	-	89,263
Contractual Services	710,346	-	710,346
Materials and Supplies	96,798	-	96,798
	<u>896,407</u>	<u>-</u>	<u>896,407</u>
Total Operating Cash Disbursements			
Operating Income	221,700	17,200	238,900
Non-Operating Receipts/(Disbursements)			
Intergovernmental	-	62,968	62,968
Other Financing Uses	-	(62,909)	(62,909)
	<u>-</u>	<u>59</u>	<u>59</u>
Total Non-Operating Receipts/(Disbursements)			
Income (Loss) Before Interfund Transfers	221,700	17,259	238,959
Transfers-In	100,000	-	100,000
Net Income	321,700	17,259	338,959
Fund Cash Balance, January 1	972,458	71,566	1,044,024
Fund Cash Balance, December 31	<u>\$ 1,294,158</u>	<u>\$ 88,825</u>	<u>\$ 1,382,983</u>
Reserves for Encumbrances	<u>\$ 1,795</u>	<u>\$ -</u>	<u>\$ 1,795</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, 2008**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 406,299	\$ 109,180	-	\$ 98,831	\$ 614,310
Municipal Income Tax	-	8,586,924	-	-	8,586,924
Intergovernmental Receipts	485,735	306,313	-	10,883	802,931
Special Assessments	-	-	\$ 478,409	-	478,409
Charges for Services	884,261	64,341	-	212,168	1,160,770
Fines, Licenses and Permits	96,858	962	-	-	97,820
Earnings on Investments	141,287	14,833	-	38,277	194,397
Miscellaneous	76,595	10,375	-	103,426	190,396
Total Cash Receipts	2,091,035	9,092,928	478,409	463,585	12,125,957
Cash Disbursements:					
Current:					
Security of Persons/Property	4,096,001	134,256	-	-	4,230,257
Public Health Services	64,357	4,438	-	-	68,795
Leisure Time Activities	62,944	172,511	-	-	235,455
Community Environment	433,954	-	-	-	433,954
Basic Utility Service	212,141	10,500	-	-	222,641
Transportation	-	1,795,152	-	-	1,795,152
General Government	831,764	597,249	-	-	1,429,013
Capital Outlay	-	-	-	1,599,599	1,599,599
Debt Service:					
Principal Retirement	-	-	1,373,103	16,837	1,389,940
Interest and Fiscal Charges	-	-	533,373	16,096	549,469
Total Cash Disbursements	5,701,161	2,714,106	1,906,476	1,632,532	11,954,275
Total Receipts Over/(Under) Disbursements	(3,610,126)	6,378,822	(1,428,067)	(1,168,947)	171,682
Other Financing Sources/(Uses):					
OWDA and OPWC Debt Proceeds	-	-	-	145,208	145,208
Sale of Fixed Assets	6,570	-	-	-	6,570
Transfers-In	2,961,710	1,376,822	1,406,031	2,345,292	8,089,855
Transfers-Out	-	(8,049,855)	-	(140,000)	(8,189,855)
Other Financing Sources	7,186	-	-	-	7,186
Other Financing Uses	-	-	-	(65,543)	(65,543)
Total Other Financing Sources/(Uses)	2,975,466	(6,673,033)	1,406,031	2,284,957	(6,579)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(634,660)	(294,211)	(22,036)	1,116,010	165,103
Fund Cash Balance, January 1	1,131,719	1,260,001	422,384	3,224,645	6,038,749
Fund Cash Balance, December 31	\$ 497,059	\$ 965,790	\$ 400,348	\$ 4,340,655	\$ 6,203,852
Reserves for Encumbrances	\$ 700	\$ 1,320	\$ -	\$ 34,502	\$ 36,522

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND
CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type Enterprise Fund</u>	<u>Fiduciary Fund Type Agency Funds</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 987,700	-	\$ 987,700
Fines, Licenses and Permits	11,500	\$ 43,466	54,966
Miscellaneous	-	3,848	3,848
	<u>999,200</u>	<u>47,314</u>	<u>1,046,514</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	94,463	-	94,463
Travel Transportation	71	-	71
Contractual Services	623,432	-	623,432
Community Environment	-	40,772	40,772
Materials and Supplies	115,422	-	115,422
Capital Outlay	28,436	-	28,436
	<u>861,824</u>	<u>40,772</u>	<u>902,596</u>
Total Operating Cash Disbursements			
Operating Income	137,376	6,542	143,918
Non-Operating Receipts/(Disbursements)			
Intergovernmental	-	33,079	33,079
Other Financing Uses	-	(32,403)	(32,403)
	<u>-</u>	<u>676</u>	<u>676</u>
Total Non-Operating Receipts/(Disbursements)			
Income (Loss) Before Interfund Transfers	137,376	7,218	144,594
Transfers-In	100,000	-	100,000
Net Income	237,376	7,218	244,594
Fund Cash Balance, January 1	735,082	64,348	799,430
Fund Cash Balance, December 31	<u>\$ 972,458</u>	<u>\$ 71,566</u>	<u>\$ 1,044,024</u>
Reserves for Encumbrances	<u>\$ 2,544</u>	<u>\$ -</u>	<u>\$ 2,544</u>

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 1: The Reporting Entity

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:

Governmental Funds

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.

Special Revenue Funds

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 1: The Reporting Entity (continued)

D. Fund Accounting (continued)

Special Revenue Funds (continued)

Street, Maintenance and Repair

This fund receives allocation of motor vehicle taxes, gas excise taxes, and transfers from the Income Tax Fund. The fund is used for maintenance of all roadways, storm drainage, snow plowing, etc.

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.

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, #2, and #3 Funds

These funds are used to account for the assessments collected from property owners for the purpose of repaying Ohio Water Development Authority loans obtained for installing sewer lines.

Capital Projects Funds

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

Municipal Building Construction Fund

This fund received general obligation bond proceeds. The proceeds are being used to renovate the existing municipal building.

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 1: The Reporting Entity (continued)

D. Fund Accounting (continued)

Brecksville Road Fund

This fund received general obligation bonds proceeds, OPWC loan proceeds, etc. The funds are used to reconstruct major sections of Brecksville Road.

Land Building Acquisition Fund

This fund receives funds transferred from the Income Tax Fund. Funds are used to purchase land for municipal purposes.

Proprietary Funds

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.

Fiduciary Funds

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.

Joint Economic Development District Fund

This fund is used to account for the income tax collected and distributed from the Township of Richfield for the extension of sewer and water lines. The Village of Richfield is fiscal agent for the District. See Note number 8.

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 1: The Reporting Entity (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 2009 and 2008 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.

Note 2: Cash, Cash Equivalents 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, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 2: Cash, Cash Equivalents and Investments (continued)

	2009	2008
Demand deposits	\$ 3,129,519	\$ 1,133,290
Certificates of deposit	3,796,786	5,714,136
Total deposits	6,926,305	6,847,426
Repurchase Agreements	400,000	400,000
Total deposits and investments	<u>\$ 7,326,305</u>	<u>\$ 7,247,426</u>

The Village also maintains petty cash funds totaling \$450.

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.

Note 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

Fund Type	2009 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 6,354,204	\$ 5,701,067	\$ (653,137)
Special Revenue Funds	10,409,170	10,051,261	(357,909)
Debt Service Funds	1,873,931	1,859,803	(14,128)
Capital Project Funds	3,650,292	1,853,369	(1,796,923)
Enterprise Fund	875,000	1,218,107	343,107

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 3: Budgetary Activity (continued)

Fund Type	2009 Budgeted vs. Budget Basis Expenditures		
	Appropriation	Budgeted	Variance
	Authority	Expenditures	
General Fund	\$ 5,956,585	\$ 5,781,983	\$ 174,602
Special Revenue Funds	10,904,789	10,137,620	767,169
Debt Service Funds	1,920,261	1,875,000	45,261
Capital Project Funds	4,623,758	3,186,309	1,437,449
Enterprise Fund	955,799	898,202	57,597

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General Fund	\$ 6,354,204	\$ 5,066,501	\$ (1,287,703)
Special Revenue Funds	10,409,170	10,469,750	60,580
Debt Service Funds	1,882,940	1,884,440	1,500
Capital Project Funds	3,650,292	2,954,085	(696,207)
Enterprise Fund	875,000	1,099,200	224,200

Fund Type	2008 Budgeted vs. Budget Basis Expenditures		
	Appropriation	Budgeted	Variance
	Authority	Expenditures	
General Fund	\$ 5,956,585	\$ 5,701,861	\$ 254,724
Special Revenue Funds	10,904,789	10,765,281	139,508
Debt Service Funds	1,920,261	1,906,476	13,785
Capital Project Funds	4,623,758	1,872,577	2,751,181
Enterprise Fund	955,799	864,368	91,431

Note 4: Property Tax

Real property taxes become a lien on January 1 proceeding 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. Tangible property taxes are being phased out through 2009.

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 4: Property Tax (continued)

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

Note 5: Debt

Debt outstanding at December 31, 2009 was as follows:

Debt	Principal	Interest Rates
General Obligation Bond Anticipation Notes	\$ 4,358,000	4.09% - 4.53%
Ohio Water Development Authority Loans	3,799,001	3.75% - 8.04%
Ohio Public Works Commission Loans	784,980	0.00%
Total	<u>\$ 8,941,981</u>	

The Ohio Water Development Authority (OWDA) project loans were obtained for the purpose of installing sewer/water 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 are being paid over a 21 year period. The loans are collateralized by water and sewer receipts.

During 2008, the Village obtained \$145,208 in partial proceeds from an OWDA project loan. OWDA also applied two capital reduction adjustments of total of \$5,387 for two of the project loans in 2008.

The Village has two general obligation bond anticipation notes issued during prior audits. They were issued in anticipation of the issuance of bonds to pay the costs of various capital projects. The original principal amount for each bond anticipation note was \$8,970,000 and \$1,100,000. Amortization of the above debt, including interest, is scheduled as follows:

Years Ending December 31,	OWDA Loans	OPWC Loans	General Obligation Bond Anticipation Note
2010	\$ 634,721	\$ 51,362	\$ 1,186,139
2011	638,013	51,362	1,144,468
2012	641,569	51,362	1,102,798
2013	645,409	51,362	1,061,128
2014	649,556	51,362	122,457
2015-2019	1,303,086	234,938	117,474
2020-2024	348,138	225,563	112,491
2025-2027	114,021	67,669	-
	<u>\$ 4,974,513</u>	<u>\$ 784,980</u>	<u>\$ 4,846,955</u>

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 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 Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, 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. OPERS members contributed 10% in 2008 and 2009 of participants' gross salaries. The Village contributed an amount equal to 14% in 2008 and 2009 of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

Note 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 and their families through a private carrier. The Village also provides life insurance to full-time employees only. There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Note 8: Joint Economic Development District

The Village participates in, and is the fiscal agent for, the Richfield Light Industrial/Office Joint Economic Development District (the JEDD). The Village of Richfield and Richfield Township formed the JEDD in accordance with Sections 715.72 through 715.82 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of October 24, 2005. The JEDD Board of Directors consists of five members: one Township Trustee; the Mayor or an elected member of the Village Council; one representative of business owners in the JEDD; one member representing persons working in the JEDD; and one member appointed by the preceding four members. The JEDD shall facilitate economic development, create or preserve jobs and employment opportunities and improve the economic welfare of the people.

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 8: Joint Economic Development District (continued)

The Board adopted a resolution to levy an income tax on all income as defined in the Village's income tax ordinance at a rate of two percent (2%) in the JEDD in accordance with Section 714.74 of the Ohio Revised Code. Ten percent (10%) of the collected income tax will be distributed with five percent (5%) going to the Village and five percent (5%) going to the Township. The balance of ninety percent (90%) will be distributed in accordance with the JEDD agreement. The JEDD is being handled through an Agency Fund on the Village's financial records.

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

Note 9: Local Income Tax

The Village levies a municipal income tax of two (2) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

The local income tax is collected by the Village and deposited into the Income Tax Fund, a Special Revenue Fund. Income tax revenue is then transferred to various funds in accordance with the Village's budgetary needs approved by the Village Council.

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 10: Transfers

The Village receives their income tax money into a special revenue fund. The Village then transfers money from the special revenue fund – Income Tax Fund to various funds depending on current years' budget needs. The Capital Project Fund – Sanitary Sewer Fund transferred money to the Special Assessment Debt Funds to help pay for debt during in 2008 and 2009. In 2008, the Capital Project Fund – Capital Improvement Fund transferred \$95,000 to the Special Revenue Fund –Senior Bus Fund and Service Facility Fund for capital improvements. In 2009, the Village transferred \$2,081 to Town Hall Renovation Fund to help pay for Town Hall renovation.

Note 11: Lease Purchase Agreement

During 2007, the Village leased a LifeLine 100 Controller with Power 9-1-1 and Power Map System from AT&T Capital Services with a buyout option of \$1.00 at the end of the lease. The cost of the equipment installation was \$127,322 with total interest of \$22,770. The monthly payments are \$2,502. As of December 2009, the balance owed, including interest was:

VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

Note 11: Lease Purchase Agreement (continued)

<u>Year</u>	<u>Payments</u>
2010	\$ 30,018
2011	30,019
2012	17,511
Total	<u>\$ 77,548</u>

Note 12: Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Note 13: Legal Compliance

Contrary to Ohio Revised Code Section 5705.39 during 2009, the appropriations of the Debt Service-Chase Bond Retirement Fund, Capital Projects-Capital Improvement Fund, and Capital Projects-Motor Road Sewer Project Fund exceeded their estimated resources. In 2008, this occurred in the Capital Projects-Brecksville Road Fund. Contrary to Ohio law, estimated receipts exceeded actual receipts to the extent that the deficiency would have caused the appropriations to exceed estimated resources in the Special Revenue-Village Income Tax Fund, Capital Projects-Capital Improvement Fund, Capital Projects-Recreation Facilities Fund in 2009 and Special Revenue-Street Maintenance & Repair Fund and Capital Projects-Land Building Acquisition Fund in 2008. Contrary to Ohio Revised Code Section 5705.41(D), the Village does not always certify the availability of funds before making purchases.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Village Council:

We have audited the financial statements of the Village of Richfield, Summit County Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 2, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items VR-2009-001 to VR-2009-003.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 2, 2010.

We intend this report solely for the information and use of the audit committee, management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

July 2, 2010

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2009 and 2008**

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

FINDING NUMBER VR-2009-01

Non-compliance Citation

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The funds listed below had appropriations exceeding the total estimated resources.

2009			
Fund	Estimated Resources	Appropriations	Variance
Debt Service-Chase Bond Retirement	\$ 1,109,585	\$ 1,120,000	\$ (10,415)
Capital Project Funds:			
Capital Improvement Fund	1,830,901	2,121,010	(290,109)
Motor Road Sewer Project	-	900,000	(900,000)

2008			
Fund	Estimated Resources	Appropriations	Variance
Capital Project Fund:			
Brecksville Rd. Fund	\$ 92,114	\$ 124,114	\$ (32,000)

Officials Response

The Village will monitor appropriations to ensure that they do not exceed estimated resources.

FINDING NUMBER VR-2009-02

Non-compliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS - CONTINUED
December 31, 2009 and 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER VR-2009-02 (continued)

In both 2008 and 2009 the Village had estimated receipts greater than actual receipts in the following funds to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

2009			
Fund	Estimated Receipts	Actual Receipts	Variance
Special Revenue Fund:			
Village Income Tax	\$ 8,506,100	\$ 7,780,017	\$ (726,083)
Capital Project Funds:			
Capital Improvement Fund	410,400	21,779	(388,621)
Recreation Facilities Fund	340,000	250,000	(90,000)

2008			
Fund	Estimated Receipts	Actual Receipts	Variance
Special Revenue Fund:			
Street Maintenance and Repair	\$ 1,725,000	\$ 1,503,601	\$ (221,399)
Capital Project Fund:			
Land/Building Acquisition	530,000	280,067	(249,933)

Officials Response

Management will amend the certificate when estimated receipts exceed actual receipts if this will reduce the estimated resources below the appropriations.

FINDING NUMBER VR-2009-03

Non-compliance Citation

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS - CONTINUED
December 31, 2009 and 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER VR-2009-03 (continued)

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line items appropriation.

The Village did not certify the availability of funds for 19 of 63 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF FINDINGS - CONTINUED
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER VR-2009-03 (continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds for all commitments. The Village should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

Officials Response

Management will certify the availability of funds before disbursements are made.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY
December 31, 2009 and 2008**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, Explain
VR-2007-001	ORC Section 5705.39 total appropriations from each fund should not exceed the total estimated resources.	No	Repeated as Finding VR-2009-001
VR-2007-002	Wrong account posting	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 4, 2010