



Mary Taylor, CPA
Auditor of State

VILLAGE OF RIVERLEA
FRANKLIN COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Riverlea
Franklin County
5814 Westchester CT
Worthington, OH 43085

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

April 14, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Riverlea
Franklin County
5814 Westchester CT
Worthington, OH 43085

To the Village Council:

We have audited the accompanying financial statements of Village of Riverlea, Franklin County, Ohio, (the Village) as of 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 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 Village of Riverlea, Franklin County, Ohio, (the Village), 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 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 April 14, 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 and 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 the 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.



Mary Taylor, CPA
Auditor of State

April 14, 2010

**VILLAGE OF RIVERLEA
FRANKLIN 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 112,366	\$ -	\$ 112,366
Intergovernmental	108,869	19,314	128,183
Fines, Licenses and Permits	8,565	-	8,565
Earnings on Investments	9,041	1,150	10,191
	<u>238,841</u>	<u>20,464</u>	<u>259,305</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	63,047	-	63,047
Public Health Services	4,585	-	4,585
Leisure Time Activities	5,135	-	5,135
Community Environment	2,559	-	2,559
Basic Utility Service	69,816	-	69,816
Transportation	28,316	11,012	39,328
General Government	58,442	-	58,442
	<u>231,900</u>	<u>11,012</u>	<u>242,912</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	6,941	9,452	16,393
Fund Cash Balances, January 1	604,291	76,942	681,233
Fund Cash Balances, December 31	<u>\$ 611,232</u>	<u>\$ 86,394</u>	<u>\$ 697,626</u>
Reserve for Encumbrances, December 31	<u>\$ 4,396</u>	<u>\$ -</u>	<u>\$ 4,396</u>

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

**VILLAGE OF RIVERLEA
FRANKLIN 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 133,665	\$ -	\$ 133,665
Intergovernmental	46,839	19,950	66,789
Fines, Licenses and Permits	548	-	548
Earnings on Investments	14,401	1,532	15,933
	<u>195,453</u>	<u>21,482</u>	<u>216,935</u>
Total Cash Receipts			
	<u>195,453</u>	<u>21,482</u>	<u>216,935</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	62,201	-	62,201
Public Health Services	4,385	-	4,385
Leisure Time Activities	6,560	-	6,560
Community Environment	7,249	-	7,249
Basic Utility Service	57,528	-	57,528
Transportation	26,300	8,424	34,724
General Government	72,387	-	72,387
	<u>236,610</u>	<u>8,424</u>	<u>245,034</u>
Total Cash Disbursements			
	<u>236,610</u>	<u>8,424</u>	<u>245,034</u>
Total Receipts Over/(Under) Disbursements	(41,157)	13,058	(28,099)
Fund Cash Balances, January 1	<u>645,448</u>	<u>63,884</u>	<u>709,332</u>
Fund Cash Balances, December 31	<u>\$ 604,291</u>	<u>\$ 76,942</u>	<u>\$ 681,233</u>
Reserve for Encumbrances, December 31	<u>\$ 2,112</u>	<u>\$ -</u>	<u>\$ 2,112</u>

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Riverlea, Franklin County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services. The Village contracts with the City of Worthington to provide security of persons and property. The Village obtains fire protection as a member of the Joint Fire District.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool public entity risk pool. Note 5 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. 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.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$26,082	\$17,285
Certificates of deposit	293,287	171,994
Total deposits	319,369	189,279
STAR Ohio	378,257	491,954
Total investments	378,257	491,954
Total deposits and investments	\$697,626	\$681,233

Deposits: Deposits and Investments are insured by the Federal Depository Insurance Corporation;

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

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,414	\$238,841	\$69,427
Special Revenue	15,820	20,464	4,644
Total	\$185,234	\$259,305	\$74,071

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$521,612	\$236,296	\$285,316
Special Revenue	71,600	11,012	60,588
Total	\$593,212	\$247,308	\$345,904

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,181	\$195,453	\$19,272
Special Revenue	15,750	21,482	5,732
Total	\$191,931	\$216,935	\$25,004

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$581,519	\$238,722	\$342,797
Special Revenue	63,000	8,424	54,576
Total	\$644,519	\$247,146	\$397,373

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

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

5. Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements, and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2008 and 2007 (The most recent information available).

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Risk Management (Continued)

	<u>2008</u>	<u>2007</u>
Cash and investments	\$2,552,519	\$2,405,834
Actuarial liabilities	(\$2,814,306)	(\$2,877,385)
Accumulated deficit	<u>(\$261,787)</u>	<u>(\$471,551)</u>

6. Postemployment Benefits

The Village employees contribute to Social Security and Medicare. The plans provide for retirement, healthcare and prescription drug benefits including survivor and disability benefits to participants. Each employee contributes 6.2% and 1.45% of their gross pay to Social Security and Medicare, respectively. The Village matches this contribution by contributing an additional 6.2% and 1.45%. The Village has contributed 100% of their required Social Security and Medicare payments.

7. Contingent Liabilities

The Village is defendant in a single lawsuit where appeals by property owners from actions of the Village Council's and its planning commission that failed to grant a requested legislative approval and zoning permit. The Court has ruled on the appeals and ordered the Village to grant the requested approval and permit. An application of the appellants for the award of the attorney fees and costs against the Village is pending. The Village is negotiating a proposed resolution of the dispute. The proposed resolution of this dispute will require a payment of \$50,000 to the appellants and will limit the possibility of the larger award by the Court. The Village's insurance carrier has agreed to reimburse the Village for a portion such payment.

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Mary Taylor, CPA

Auditor of State

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

Village of Riverlea
Franklin County
5814 Westchester CT
Worthington, OH 43085

To the Village Council:

We have audited the financial statements of the Village of Riverlea, Franklin County, Ohio, (the Village) as of and for the year ended December 31, 2009 and 2008 and have issued our report thereon dated April 14, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose to 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 grant 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Village of Riverlea
Franklin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 14, 2010

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 1ND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	Financial reporting – Significant deficiency	Yes	
2007-02	Fuel Excise Taxes – non compliance citation	Yes	



Mary Taylor, CPA
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VILLAGE OF RIVERLEA

FRANKLIN 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
JULY 15, 2010