

***VILLAGE OF RICHMOND***

**JEFFERSON COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2010 & 2009**

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





# Dave Yost • Auditor of State

Village Council  
Village of Richmond  
P. O. Box 335  
Richmond, Ohio 43944

We have reviewed the *Report of Independent Accountants* of the Village of Richmond, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Richmond is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 7, 2012

**This page intentionally left blank.**

**VILLAGE OF RICHMOND**  
**JEFFERSON COUNTY, OHIO**  
**Audit Report**  
**For the Years ended December 31, 2010 & 2009**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2009	6
Notes to the Financial Statements	7-13
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Required by <i>Government Auditing Standards</i>	14-15
Schedule of Findings	16-21
Schedule of Prior Audit Findings	22

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Richmond  
Jefferson County  
P O Box 335  
Richmond, Ohio 43944

To the Village Council:

We have audited the accompanying financial statements of the Village of Richmond (Village), Jefferson County, Ohio as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2010 and 2009. 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, 2010 and 2009, 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, 2010 and 2009, 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 of the Village of Richmond, Jefferson County, as of December 31, 2010 and 2009, 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, 2010 and 2009. 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, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

*Charles E. Harris & Associates, Inc.*  
April 14, 2012

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 19,626	\$ 14,077	\$ 33,703
Intergovernmental	26,189	25,736	51,925
Charges for Services	7,200	-	7,200
Fines Licenses & Permits	125	-	125
Earnings on Investments	1,699	3	1,702
Miscellaneous	4,762	-	4,762
	<u>59,601</u>	<u>39,816</u>	<u>99,417</u>
<b>Total Cash Receipts</b>	<b>59,601</b>	<b>39,816</b>	<b>99,417</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	7,460	16,576	24,036
Public Health Services	433	-	433
Leisure Time Activities	12,551	-	12,551
Transportation	-	28,530	28,530
General Government	32,951	-	32,951
	<u>53,395</u>	<u>45,106</u>	<u>98,501</u>
<b>Total Cash Disbursements</b>	<b>53,395</b>	<b>45,106</b>	<b>98,501</b>
Total Receipts Over/(Under) Disbursements	6,206	(5,290)	916
<b>Other Financing Sources/(Uses):</b>			
Transfers-In	-	5,000	5,000
Transfers-Out	(5,000)	-	(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
<b>Total Other Financing Sources/(Uses)</b>	<b>(5,000)</b>	<b>5,000</b>	<b>-</b>
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	1,206	(290)	916
Fund Cash Balance, January 1	<u>126,937</u>	<u>15,037</u>	<u>141,974</u>
<b>Fund Cash Balance, December 31</b>	<b>\$ <u>128,143</u></b>	<b>\$ <u>14,747</u></b>	<b>\$ <u>142,890</u></b>

See accompanying Notes to the Financial Statements.



**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

		<u>Proprietary Fund Type</u> <u>Enterprise Fund</u>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$	<u>58,484</u>
<b>Operating Cash Disbursements:</b>		
Personal Services		15,075
Employee Fringe Benefits		2,318
Contractual Services		34,728
Supplies & Materials		<u>3,714</u>
Total Operating Cash Disbursements		<u>55,835</u>
Excess of Receipts Over Disbursements		2,649
Fund Cash Balance, January 1		<u>148,862</u>
<b>Fund Cash Balance, December 31</b>	<b>\$</b>	<b><u><u>151,511</u></u></b>

**See accompanying Notes to the Financial Statements.**

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
COMBINED STATEMENT OF RECEIPTS, 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	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 18,812	\$ 12,075	\$ -	\$ 30,887
Intergovernmental	24,489	27,823	-	52,312
Charges for Services	6,600	-	-	6,600
Fines, Licenses & Permits	807	-	-	807
Earnings on Investments	4,303	2	-	4,305
Miscellaneous	5,537	125	-	5,662
<b>Total Cash Receipts</b>	<b>60,548</b>	<b>40,025</b>	<b>-</b>	<b>100,573</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	8,798	17,520	-	26,318
Leisure Time Activities	12,960	-	-	12,960
Transportation	-	19,124	-	19,124
General Government	36,793	-	-	36,793
Capital Outlay	3,000	-	41,259	44,259
<b>Total Cash Disbursements</b>	<b>61,551</b>	<b>36,644</b>	<b>41,259</b>	<b>139,454</b>
Total Receipts Over/(Under) Disbursements	(1,003)	3,381	(41,259)	2,378
<b>Other Financing Sources/(Uses):</b>				
Proceed of OWDA Loan	-	-	41,259	41,259
Transfers-In	-	1,000	-	1,000
Transfers-Out	(1,000)	-	-	(1,000)
Other Financing Uses	(2,340)	-	-	(2,340)
<b>Total Other Financing Sources/(Uses)</b>	<b>(3,340)</b>	<b>1,000</b>	<b>41,259</b>	<b>38,919</b>
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(4,343)	4,381	-	38
Fund Cash Balance, January 1	131,280	10,656	-	141,936
<b>Fund Cash Balance, December 31</b>	<b>\$ 126,937</b>	<b>\$ 15,037</b>	<b>\$ -</b>	<b>\$ 141,974</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

		<u>Proprietary Fund Type</u> <u>Enterprise Fund</u>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$	<u>55,886</u>
<b>Operating Cash Disbursements:</b>		
Personal Services		14,010
Employee Fringe Benefits		2,309
Contractual Services		28,892
Supplies & Materials		<u>4,715</u>
Total Operating Cash Disbursements		<u>49,926</u>
Excess of Receipts Over Disbursements		5,960
Fund Cash Balance, January 1		<u>142,902</u>
<b>Fund Cash Balance, December 31</b>	<b>\$</b>	<b><u><u>148,862</u></u></b>

**See accompanying Notes to the Financial Statements.**

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**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 Richmond, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including water utilities, park operations (leisure time activities), street repair and maintenance, and police protection. The Village contracts with the Richmond Volunteer Fire Department to receive fire protection services and ambulance 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**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.

**2. Special Revenue Fund**

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

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Fund Accounting (Continued)**

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

**3. Enterprise Fund**

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 Fund:

*Water Operating Fund* - This fund receives charges for services from residents to cover water service costs.

**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 personal services level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**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 to the subsequent year.

A summary of 2010 and 2009 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 RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	<b>2010</b>	<b>2009</b>
Demand deposit	\$ 78,797	\$ 67,746
Savings account	15,604	23,090
Certificates of deposit	200,000	200,000
<b>Total deposits</b>	<b>\$ 294,401</b>	<b>\$ 290,836</b>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
<b>General</b>	\$ 47,447	\$ 59,601	\$ 12,154
<b>Special Revenue</b>	44,934	44,816	(118)
<b>Enterprise</b>	61,800	58,484	(3,316)

VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009

3. BUDGETARY ACTIVITY (continued)

2010 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ -	\$ 58,395	\$ (58,395)
Special Revenue	-	45,106	(45,106)
Enterprise	-	55,835	(55,835)

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 35,280	\$ 60,548	\$ 25,268
Special Revenue	40,958	41,025	67
Capital Projects	41,259	41,259	-
Enterprise	61,800	55,886	(5,914)

2009 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 67,810	\$ 64,891	\$ 2,919
Special Revenue	49,450	36,644	12,806
Capital Projects	41,259	41,259	-
Enterprise	87,500	49,926	37,574

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**4. PROPERTY TAXES**

Real property becomes 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 make semiannual payments, 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 proper 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. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest</u>
<b>OWDA Loan</b>	\$ 41,259	0%

The loan is for the sewer project study. It is a 10 year balloon loan with full payment due in 2019.

**6. RETIREMENT SYSTEM**

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**7. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.



**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**7. RISK MANAGEMENT (continued)**

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as the Ohio Plan Risk Management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform, underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first 250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political subdivisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through 17 appointed independent agents in the State of Ohio. Coverage premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductible, co-insurance level, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village did not participate in this coverage.

Plan Members are responsible to notify the Plan of their intent to renew coverages by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 and 2009**

**7. RISK MANAGEMENT (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts both OPRM and OPHC:

	2010	
	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131
Liabilities	(4,845,056)	(1,055,096)
Members' Equity	\$ 7,191,485	\$ 300,035

	2009	
	OPRM	OPHC
Assets	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,852,485)	(1,253,617)
Members' Equity	\$ 6,323,701	\$ 105,185

**8. CONTINGENT LIABILITIES**

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

**9. TRANSFERS**

The Village transferred funds from the General Fund to the Police Levy Fund in 2009 and 2010 to subsidize normal operations.

Although the transfers were permitted by Ohio Revised Code, the Village Council did not authorize the transfers as required by Ohio Revised Code.

**10. LEGAL COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (B), the Village had expenditures plus encumbrances exceeding appropriations.

Contrary to Ohio Revised Code Section 5705.41 (D), the Village did not always certify purchases.

Contrary to Ohio Revised Code Section 5705.38(A), the Village did not pass an appropriation measure in 2010.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***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 Richmond  
Jefferson County  
P O Box 335  
Richmond, Ohio 43944

To the Village Council:

We have audited the financial statements of the Richmond Village, Jefferson County Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 14, 2012, 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 audit 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-VRJC-04 through 2010-VRJC-06 described in the accompanying schedule of findings to be material weaknesses.


### 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 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 2010-VRJC-01 through 2010-VRJC-03 and 2010-VRJC-05.

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

We also noted certain matters not requiring inclusion in this report that we have reported to the Village in a separate letter dated April 14, 2012.

We intend this report solely for the information and use of 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.*  
April 14, 2012

VILLAGE OF RICHMOND  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
December 31, 2010 and 2010

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

Finding Number 2010-VRJC-01 – Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving 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 Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for 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 expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount 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 Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession 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 item appropriation.

VILLAGE OF RICHMOND  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
--

Finding Number 2010-VRJC-01 – Non-compliance Citation (continued)

The Village did not make the proper certification of funds in all instances. Twenty-four of 50 selections tested during the audit period had the certifications after the obligation date or “then and now” certificates under \$3,000 that were not Council approved. In addition, Council did not approve several “then and now” certificates under \$3,000 within 30 days.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s expenditures exceeding budgetary spending limitations, we recommend that the Village certify expenditures prior to incurring the liability. Also, we recommend that Council approve “then and now” certificates under \$3,000 within 30 days.

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

Finding Number 2010-VRJC-02 – Non-compliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated unless it has been appropriated as provided in such chapter.

During the years ended December 31, 2010, the following funds' expenditures plus encumbrances exceeded total appropriations:

2010

General Fund (\$58,395)

Special Revenue Fund

Street Construction Maintenance & Repair Fund (\$22,607)

State Highway Fund (\$476)

Permissive Motor Vehicle Fund (\$5,447)

Policy Levy Fund (\$16,576)

Enterprise Fund

Water Operating Fund (\$55,835)

We recommend that the Village better monitor their budgetary process and make appropriations on a regular basis to avoid having expenditures exceed appropriations.

VILLAGE OF RICHMOND  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
--

**Finding Number 2010-VRJC-02 – Non-compliance Citation (continued)**

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

**Finding Number 2010-VRJC-03 – Non-compliance Citation**

Ohio Rev. Code 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. This does not apply to school district appropriations.

The Village did not pass an appropriation measure in 2010.

We recommend that the Village pass an appropriation measure no later than April 1 of each year.

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

**Finding Number 2010-VRJC-04 – Material Weakness**

During 2010 and 2009, the Village Fiscal Officer did not accurately post all budgeted receipts to the accounting system. Variances existed between the amounts on the certificates of estimated resources and the amounts posted to the accounting system as follows:

Fund - 2009	Budgeted Receipts Per UAN System	Budgeted Receipts Per Final Certificate of Estimated Resources	Variance
General Fund	\$ 51,472	\$ 35,280	\$ 16,192
SCM&R Fund	28,000	25,235	2,765
State Highway Fund	2,200	1,751	449
Permissive Vehicle	2,500	2,575	(75)
Police Levy Fund	12,525	11,397	1,128
Capital Projects	50,000	41,259	8,741
Water Fund	61,000	61,800	(800)

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
--

**Finding Number 2010-VRJC-04 – Material Weakness (continued)**

<b>Fund - 2010</b>	<b>Budgeted Receipts Per UAN System</b>	<b>Budgeted Receipts Per Final Certificate of Estimated Resources</b>	<b>Variance</b>
General Fund	\$ 10,000	\$ 47,447	\$ (37,447)
SCM&R Fund	-	28,840	(28,840)
State Highway Fund	-	2,266	(2,266)
Permissive Vehicle Fund	-	2,575	(2,575)
Police Levy Fund	4,500	11,253	(6,753)
Water Fund	-	61,800	(61,800)

Also, the Village Fiscal Officer did not accurately post all budgeted appropriations to the accounting system. Variances existed between the appropriations approved by Council and the amounts posted to the accounting system as follows:

<b>Fund - 2009</b>	<b>Budgeted Appropriations Per UAN System</b>	<b>Budgeted Appropriations Passed by Council</b>	<b>Variance</b>
General Fund	\$ 82,550	\$ 67,810	\$ 14,740
Police Levy Fund	18,381	17,400	981
Capital Projects	50,000	-	50,000

<b>Fund - 2010</b>	<b>Budgeted Appropriations Per UAN System</b>	<b>Budgeted Appropriations Passed by Council</b>	<b>Variance</b>
General Fund	\$ 66,869	-	\$ 66,869
SCM&R Fund	23,205	-	23,205
State Highway	500	-	500
Permissive Vehicle Fund	7,500	-	7,500
Police Levy Fund	16,847	-	16,847
Capital Projects	50,000	-	50,000
Water Fund	59,380	-	59,380

We recommend that the Village accurately post all budgeted receipts and appropriations to the accounting system. This will allow management to compare accurate budget to actual information.

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.



VILLAGE OF RICHMOND  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

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

**Finding Number 2010-VRJC-05 – Non-Compliance Citation and Material Weakness**

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

During 2009 and 2010, the District was missing the following documentation or had the following misclassifications or postings:

- Bank fees of \$53 in 2009 and \$487 in 2010 were not posted in the UAN.
- Interest of \$1,514 from the certificate of deposit was not posted in the UAN system in 2010.
- Miscellaneous receipts of \$4,000 in 2009 and \$3,000 in 2010 were improperly recorded as intergovernmental receipts.
- OWDA loan disbursement of \$39,515 in 2009 was improperly recorded as intergovernmental receipt. OWDA loan fee of \$1,744 in 2009 was not recorded in the UAN system.
- Property tax rollback of \$3,343 in 2010 was improperly recorded as local taxes.
- Various other adjustments were required in other line items or not recorded at all.
- Various employee timesheets and pay rates could not be located for payroll testing.
- Various invoices and purchase orders could not be located for non-payroll disbursement testing.

The financial statements and Village's records have been adjusted to properly reflect these transactions.

We recommend that the Village implement additional internal control procedures to ensure the accuracy and completeness of transactions and the annual financial reports. The internal control procedures can include additional review of financial statements, revenue ledgers, and expenditures ledgers by an outside party and/or using analytical reviews for comparison of current year to prior year numbers.

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

VILLAGE OF RICHMOND  
JEFFERSON COUNTY  
SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
--

**Finding Number 2010-VRJC-06 – Material Weakness**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the Village's records. The Village did not resolve various differences between the adjusted bank balance and the cash balance reflected in the Village's accounting records. These differences were the result of various recording errors and omissions of reconciling items located in Finding 2010-VRJC-05. The book balance was understated at both December 31, 2009 and 2010. The financial statements and the Village's records have been adjusted accordingly.

Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner.

We recommend that the Village complete formal bank reconciliations for their general and savings accounts. If there are reconciling items, the Fiscal Officer should determine the accuracy of these items and update the accounting system and records timely. Council should then monitor the Village's monthly financial activity, determine their respective cash position and make sound decisions. Reconciliations should be reviewed by the governing body on a monthly basis and formally approved attesting to their accuracy and completeness and noted in the monthly minute meeting.

**Management Response:** The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2010 and 2009**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2008-VRJC-01	Ohio Revised Code Section 5705.41 (D) – Expenditures were not properly certified.	No	Not Corrected Reissued 2010-VRJC- 01
2008-VRJC-02	Ohio Revised Code Section 5705.41 (B) – Expenditures exceeded appropriations.	No	Not Corrected Reissued 2010-VRJC- 02
2008-VRJC-03	Budgeted receipts not accurately posted to accounting system	No	Not Corrected Reissued 2010-VRJC- 03





# Dave Yost • Auditor of State

VILLAGE OF RICHMOND

JEFFERSON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 21, 2012