



**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

VILLAGE OF RIVERLEA
FRANKLIN COUNTY

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**Auditor of State
Betty Montgomery**

Village of Riverlea
Franklin County
PO Box 191
Worthington, Ohio 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 a February 2, 2005 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 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.

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Betty Montgomery
Auditor of State

November 30, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Riverlea
Franklin County
P.O. Box 191
Worthington, Ohio 43085

To the Village Council:

We have audited the accompanying financial statements of the Village of Riverlea, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 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 this Village does not use GAAP to measure 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, 2005 and 2004 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, 2005 and 2004, 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 the Village of Riverlea, Franklin County, Ohio, as of December 31, 2005 and 2004, 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, 2005 and 2004. 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 November 30, 2006, 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.



Betty Montgomery
Auditor of State

November 30, 2006

**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, 2005**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$75,128 | \$0 | \$75,128 |
| Intergovernmental Receipts | 55,723 | 14,511 | 70,234 |
| Fines, Licenses, and Permits | 3,272 | 0 | 3,272 |
| Earnings on Investments | 14,736 | 1,610 | 16,346 |
| | <u>148,859</u> | <u>16,121</u> | <u>164,980</u> |
| Total Cash Receipts | | | |
| | <u>148,859</u> | <u>16,121</u> | <u>164,980</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 67,298 | 0 | 67,298 |
| Public Health Services | 3,203 | 0 | 3,203 |
| Leisure Time Activities | 5,986 | 0 | 5,986 |
| Community Environment | 1,859 | 0 | 1,859 |
| Basic Utility Services | 36,626 | 0 | 36,626 |
| Transportation | 6,800 | 13,414 | 20,214 |
| General Government | 45,754 | 0 | 45,754 |
| | <u>167,526</u> | <u>13,414</u> | <u>180,940</u> |
| Total Cash Disbursements | | | |
| | <u>167,526</u> | <u>13,414</u> | <u>180,940</u> |
| Total Receipts Over/(Under) Disbursements | <u>(18,667)</u> | <u>2,707</u> | <u>(15,960)</u> |
| Other Financing Receipts and (Disbursements): | | | |
| Other Financing Sources | 4,000 | 0 | 4,000 |
| Other Financing Uses | (4,000) | 0 | (4,000) |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Receipts/(Disbursements) | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (18,667) | 2,707 | (15,960) |
| Fund Cash Balances, January 1 | <u>539,471</u> | <u>54,633</u> | <u>594,104</u> |
| Fund Cash Balances, December 31 | <u>\$520,804</u> | <u>\$57,340</u> | <u>\$578,144</u> |
| Reserves for Encumbrances, December 31 | <u>\$2,000</u> | <u>\$0</u> | <u>\$2,000</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, 2004**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$75,293 | \$0 | \$75,293 |
| Intergovernmental Receipts | 57,860 | 10,851 | 68,711 |
| Fines, Licenses, and Permits | 3,071 | 0 | 3,071 |
| Earnings on Investments | 11,869 | 1,031 | 12,900 |
| | <u>148,093</u> | <u>11,882</u> | <u>159,975</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 64,720 | 0 | 64,720 |
| Public Health Services | 3,269 | 0 | 3,269 |
| Leisure Time Activities | 10,563 | 0 | 10,563 |
| Community Environment | 1,790 | 0 | 1,790 |
| Basic Utility Services | 33,501 | 0 | 33,501 |
| Transportation | 7,942 | 1,714 | 9,656 |
| General Government | 47,969 | 0 | 47,969 |
| | <u>169,754</u> | <u>1,714</u> | <u>171,468</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over/(Under) Disbursements | <u>(21,661)</u> | <u>10,168</u> | <u>(11,493)</u> |
| Other Financing Receipts and (Disbursements): | | | |
| Other Financing Sources | 8,252 | 0 | 8,252 |
| Other Financing Uses | (14,150) | 0 | (14,150) |
| | <u>(5,898)</u> | <u>0</u> | <u>(5,898)</u> |
| Total Other Financing Receipts/(Disbursements) | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (27,559) | 10,168 | (17,391) |
| Fund Cash Balances, January 1 | <u>567,030</u> | <u>44,465</u> | <u>611,495</u> |
| Fund Cash Balances, December 31 | <u>\$539,471</u> | <u>\$54,633</u> | <u>\$594,104</u> |
| Reserves for Encumbrances, December 31 | <u>\$2,000</u> | <u>\$0</u> | <u>\$2,000</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, 2005 AND 2004**

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services, trash removal, and park operations. The Village contracts with the City of Worthington Police Department to provide security of persons and property.

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.

The Village values certificates of deposit and U.S. Treasury Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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 Funds

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:

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | 2005 | 2004 |
|--------------------------------|-----------|-----------|
| Demand deposits | \$12,043 | \$12,641 |
| Certificates of deposit | 75,000 | 98,000 |
| Total deposits | 87,043 | 110,641 |
| U.S. Treasury Notes | 197,056 | 198,492 |
| STAR Ohio | 294,045 | 284,971 |
| Total investments | 491,101 | 483,463 |
| Total deposits and investments | \$578,144 | \$594,104 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio 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, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$122,276 | \$152,859 | \$30,583 |
| Special Revenue | 9,050 | 16,121 | 7,071 |
| Total | \$131,326 | \$168,980 | \$37,654 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$231,055 | \$173,526 | \$57,529 |
| Special Revenue | 44,500 | 13,414 | 31,086 |
| Total | \$275,555 | \$186,940 | \$88,615 |

| 2004 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$127,900 | \$156,345 | \$28,445 |
| Special Revenue | 9,200 | 11,882 | 2,682 |
| Total | \$137,100 | \$168,227 | \$31,127 |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$228,850 | \$185,904 | \$42,946 |
| Special Revenue | 44,500 | 1,714 | 42,786 |
| Total | \$273,350 | \$187,618 | \$85,732 |

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

Risk Pool Membership

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, 2005 and 2004.

| | <u>2005</u> | <u>2004</u> |
|---------------------|----------------------|----------------------|
| Assets | \$ 2,241,661 | \$2,309,178 |
| Liabilities | <u>(3,457,720)</u> | <u>(3,343,299)</u> |
| Accumulated deficit | <u>(\$1,216,059)</u> | <u>(\$1,034,121)</u> |



**Auditor of State
Betty Montgomery**

**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
P.O. Box 191
Worthington, Ohio 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 years ended December 31, 2005 and 2004, and have issued our report thereon dated November 30, 2006, 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 to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated November 30, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 and regulations, 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*.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 30, 2006



**Auditor of State
Betty Montgomery**

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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
JANUARY 2, 2007**