

**VILLAGE OF NORTHFIELD
SUMMIT COUNTY**

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEARS ENDED DECEMBER 31, 2009
AND DECEMBER 31, 2008**

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Village Council
Village of Northfield
10455 Northfield Road
Northfield, Ohio 44067

We have reviewed the *Independent Auditor's Report* of the Village of Northfield, Summit County, prepared by Varney, Fink & 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 *Independent Auditor's Report* 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 *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman (1951), 155 Ohio St. 320 provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Village Council
Village of Northfield
10455 Northfield Road
Northfield, Ohio 44067
Page -2-

On April 22, 2008, a travel reimbursement was made to Amber Vojtush, Firefighter, for hotel and meals to attend a conference in Columbus. The travel reimbursement included alcohol of \$5. Based on the above, expenditure for alcohol is not a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Amber Vojtush, Firefighter, and in the amount of \$5, and in favor of the Village of Northfield Fire Fund in the amount of \$5.

The \$5 was repaid under audit to the Village of Northfield on March 31, 2010.

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 Northfield is responsible for compliance with these laws and regulations.

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

July 15, 2010

**VILLAGE OF NORTHFIELD
SUMMIT COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2009
AND DECEMBER 31, 2008**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – All Governmental Fund Types for the Year Ended December 31, 2009.....	3
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types for the Year Ended December 31, 2009.....	4
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – All Governmental Fund Types for the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types for the Year Ended December 31, 2008.....	6
Notes to the Financial Statements.....	7
Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Prior Schedule of Audit Findings.....	19

INDEPENDENT AUDITOR'S REPORT

Village of Northfield
10455 Northfield Road
Northfield, Ohio 44067

To the Village Council:

We have audited the accompanying financial statements of the Village of Northfield, Summit County, (the Village), as of and for the years ended December 31, 2009 and December 31, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 2, 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 December 31, 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. 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 the 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 December 31, 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 December 31, 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 reserve for encumbrances of the Village of Northfield, as of December 31, 2009, and December 31, 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 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 May 28, 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 express an opinion 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* and is important for assessing the results of our audit.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

May 28, 2010

Village of Northfield
Summit County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Change 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	
Cash Receipts				
Property Tax and Other Local Taxes	\$233,101	\$288,979	\$0	\$522,080
Municipal Income Taxes	1,266,811	0	0	1,266,811
Intergovernmental	216,112	256,442	0	472,554
Charges for Services	0	132,478	0	132,478
Fines, Licenses and Permits	232,897	14,078	0	246,975
Earnings on Investments	1,306	41	0	1,347
Miscellaneous	91,060	188	0	91,248
Total Cash Receipts	2,041,287	692,206	0	2,733,493
Cash Disbursements				
Current:				
Security of Persons and Property	953,804	487,912	0	1,441,716
Public Health Services	36,890	0	0	36,890
Leisure Time Activities	58,946	0	0	58,946
Community Environment	4,538	0	0	4,538
Transportation	391,708	74,387	0	466,095
General Government	654,988	16,042	0	671,030
Debt Service:				
Redemption of Principal	0	111,002	0	111,002
Interest and Other Fiscal Charges	0	23,006	0	23,006
Capital Outlay	0	0	122,542	122,542
Total Cash Disbursements	2,100,874	712,349	122,542	2,935,765
Total Cash Receipts Over/(Under)				
Cash Disbursements	(59,587)	(20,143)	(122,542)	(202,272)
Other Financing Sources/(Uses)				
Transfers - In	0	60,000	0	60,000
Transfers-Out	(60,000)	0	0	(60,000)
Other Debt Proceeds	0	0	122,542	122,542
Total Other Financing Sources/(Uses)	(60,000)	60,000	122,542	122,542
Excess/(Deficiency) of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(119,587)	39,857	0	(79,730)
Fund Cash Balances, January 1, 2009	610,639	133,396	0	744,035
Fund Cash Balances, December 31, 2009	\$491,052	\$173,253	\$0	\$664,305
Reserve For Encumbrances	\$19,135	\$7,382	\$0	\$26,517

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

Village of Northfield
Summit County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2009

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$261,700	\$0	\$261,700
Total Operating Cash Receipts	261,700	0	261,700
Operating Cash Disbursements			
Personal Services	40,356	0	40,356
Contractual Services	123,396	500	123,896
Supplies and Materials	10,810	0	10,810
Capital Outlay	238,800	0	238,800
Total Operating Cash Disbursements	413,362	500	413,862
Operating Income (Loss)	(151,662)	(500)	(152,162)
Non-Operating Cash Receipts/(Disbursements)			
Other Financing Sources	160,000	211,425	371,425
Other Financing Uses	0	(212,975)	(212,975)
Redemption of Principal	(67,691)	0	(67,691)
Total Non-Operating Receipts/(Disbursements)	92,309	(1,550)	90,759
Net (Loss)	(59,353)	(2,050)	(61,403)
Fund Cash Balances, January 1, 2009	75,134	32,278	107,412
Fund Cash Balances, December 31, 2009	<u>\$15,781</u>	<u>\$30,228</u>	<u>\$46,009</u>
Reserve For Encumbrances	<u>\$7,726</u>	<u>\$0</u>	<u>\$7,726</u>

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

Village of Northfield
Summit County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$233,818	\$198,688	\$0	\$432,506
Municipal Income Taxes	1,346,887	0	0	1,346,887
Intergovernmental	308,744	223,546	0	532,290
Charges for Services	0	86,000	0	86,000
Fines, Licenses and Permits	251,264	17,983	0	269,247
Earnings on Investments	14,929	2,824	0	17,753
Miscellaneous	108,442	243	0	108,685
Total Cash Receipts	2,264,084	529,284	0	2,793,368
Cash Disbursements				
Current:				
Security of Persons and Property	884,374	366,819	0	1,251,193
Public Health Services	34,939	0	0	34,939
Leisure Time Activities	49,602	0	0	49,602
Community Environment	5,132	0	0	5,132
Transportation	376,378	80,658	0	457,036
General Government	616,268	6,785	0	623,053
Debt Service:				
Redemption of Principal	46,114	78,239	0	124,353
Interest and Other Fiscal Charges	20,476	5,571	0	26,047
Capital Outlay	156,307	113,835	502,832	772,974
Total Cash Disbursements	2,189,590	651,907	502,832	3,344,329
Total of Cash Receipts Over/(Under)				
Cash Disbursements	74,494	(122,623)	(502,832)	(550,961)
Other Financing Sources/(Uses)				
Transfers- Out	(50,000)	0	0	(50,000)
Other Debt Proceeds	0	0	502,832	502,832
Total Other Financing Sources/(Uses)	(50,000)	0	502,832	452,832
Excess (Deficiency) of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	24,494	(122,623)	0	(98,129)
Fund Cash Balances, January 1, 2008	586,145	256,019	0	842,164
Fund Cash Balances, December 31, 2008	\$610,639	\$133,396	\$0	\$744,035
Reserve For Encumbrances	\$26,161	\$10,230	\$0	\$36,391

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

Village of Northfield
Summit County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$268,478	\$0	\$268,478
Miscellaneous	0	500	500
Total Operating Cash Receipts	<u>268,478</u>	<u>500</u>	<u>268,978</u>
Operating Cash Disbursements			
Personal Services	42,796	0	42,796
Contractual Services	162,557	750	163,307
Supplies and Materials	11,730	0	11,730
Capital Outlay	64,170	0	64,170
Total Operating Cash Disbursements	<u>281,253</u>	<u>750</u>	<u>282,003</u>
Operating Income (Loss)	<u>(12,775)</u>	<u>(250)</u>	<u>(13,025)</u>
Non-Operating Cash Receipts/(Disbursements)			
Other Financing Sources	0	258,089	258,089
Other Financing Uses	0	(255,933)	(255,933)
Transfers In	50,000	0	50,000
Redemption of Principal	(16,391)	0	(16,391)
Total Non-Operating Cash Receipts/(Disbursements)	<u>33,609</u>	<u>2,156</u>	<u>35,765</u>
Net Income	20,834	1,906	22,740
Fund Cash Balances, January 1, 2008	<u>54,300</u>	<u>30,372</u>	<u>84,672</u>
Fund Cash Balances, December 31, 2008	<u><u>\$75,134</u></u>	<u><u>\$32,278</u></u>	<u><u>\$107,412</u></u>
Reserve For Encumbrances	<u><u>\$4,075</u></u>	<u><u>\$0</u></u>	<u><u>\$4,075</u></u>

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

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

1. REPORTING ENTITY

Village of Northfield, 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, six-member Council. The Village provides general governmental services, including maintenance of roads, sanitary sewer/storm sewer facilities, park operations (leisure time activities), building and zoning, police, fire protection and emergency medical services.

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

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Northfield (the primary government) and its potential component units.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's government board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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. 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 (ie, when an encumbrance is approved).

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Fund Accounting

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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 had the following significant Special Revenue Funds:

Fire Rescue/Ambulance Levy Fund – This fund receives real estate taxes and tangible personal property tax money and charges for services for the operation of the fire department and Village ambulance.

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

State Highway Improvement Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Capital Projects Fund – This fund is 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's only Capital Projects Fund is the Construction Fund which receives proceeds from the Ohio Public Works Commission.

Enterprise Fund – This fund accounts 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's only Enterprise Fund is the Sanitary Sewer Fund which receives charges for services from residents to cover the cost of providing this utility.

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

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

Fiduciary Fund (Trust and Agency Funds) – These funds report resources held and administered by the Village when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. The Village had the following fiduciary fund:

Agency – Mayor’s Court Fund – This fund receives and distributes fines collected by the Mayor’s Court.

C. Budgetary Process

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Finance Director, approved by Council and submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

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. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department and personal services 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.

4. 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 reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

D. Investments and Inactive Funds

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 and losses at the time of sale are recorded as receipts or disbursements, respectively.

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in STAR Ohio (the State Treasurer’s investment pool) are valued at amounts reported by the State Treasurer. Investments in repurchase agreements are valued at cost.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick 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.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

3. DEPOSITS 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 cash and investments at December 31 was as follows:

	2009	2008
Demand deposits	\$708,735	\$64,868
Cash on Hand	1,500	1,500
Total Deposits	710,235	66,368
STAR Ohio	79	79
Repurchase agreement	0	785,000
Total Investments	79	785,079
 Total Deposits and Investments	 \$710,314	 \$851,447

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 has invested in repurchase agreements. These investments are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the name of the Village. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

4. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,061,777	\$2,041,287	(\$20,490)
Special Revenue	734,507	752,206	17,699
Capital Projects	300,000	122,542	(177,458)
Enterprise	484,875	421,700	(63,175)
Total	\$3,581,159	\$3,337,735	(\$243,424)

2009 Appropriations vs. Actual Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$2,463,843	\$2,180,009	\$283,834
Special Revenue	782,972	719,731	63,241
Capital Projects	300,000	122,542	177,458
Enterprise	574,131	488,779	85,352
Total	\$4,120,946	\$3,511,061	\$609,885

2008 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,153,758	\$2,264,084	\$110,326
Special Revenue	510,902	529,284	18,382
Capital Projects	528,750	502,832	(25,918)
Enterprise	268,260	318,478	50,218
Total	\$3,461,670	\$3,614,678	\$153,008

2008 Appropriations vs. Actual Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$2,364,401	\$2,265,751	\$98,650
Special Revenue	698,301	662,137	36,164
Capital Projects	528,750	502,832	25,918
Enterprise	306,231	301,719	4,512
Total	\$3,897,683	\$3,732,439	\$165,244

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

5. COMPLIANCE

Contrary to Section 5705.39, Ohio Revised Code, the Village's appropriations exceeded estimated resources in the Permissive Tax Fund in 2008 and the Sewer Fund 2009.

Contrary to Section 5705.36, Ohio Revised Code, the Village should have requested a reduced certificate of estimated resources for the Construction Fund in 2009 and 2008, and the Sewer Fund in 2009.

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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. Tangible personal property assessments are being phased out. The assessment percentage for all property including inventory for 2008 was 6.25 percent. This was reduced to zero for 2009.

Public utilities are also taxed on personal property located within the Village.

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

7. INCOME TAX

The Village levies and collects an income tax of 2 percent on all income earned within the Village as well as on income of residents earned outside the Village. The Village allows a credit of 100% of the tax paid to another municipality, not to exceed the amount owed. The Village has contracted with the Central Collection Agency (CCA) for collection of income taxes. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax to the Village at least quarterly and to file a return annually. The Village received \$1,266,811 and \$1,346,887 in income taxes during 2009 and 2008, respectively.

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

8. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Fire Construction Bonds	\$302,359	5.75%
OPWC Loan #CH10E	226,772	0.00%
OPWC Loan #CH08F	313,740	0.00%
OPWC Loan #CH05G	532,960	0.00%
OPWC Loan #CU03J	362,040	0.00%
OPWC Loan #CH09K	525,755	0.00%
OPWC Loan #CH15M	99,619	0.00%
	\$2,363,245	

The Fire Construction Bonds relate to a \$500,000 fire station construction project. The bond payments have been made in semi-annual payments of \$25,099 which includes interest and will fully retire on April 30, 2017. The Bonds are paid from the Fire Levy Fund.

Ohio Public Works Commission (OPWC) Loan #CH05G relates to a \$627,005 general street reconstruction project. The loan payments have been made in semi-annual installments of \$15,675 and will be fully retired on January 1, 2027. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue, Street Construction Maintenance and Repair Fund.

OPWC Loan #CH10E relates to a \$348,880 general street reconstruction project. The loan payments have been made in semi-annual installments of \$8,722 since July 1, 2003 and will be fully retired on January 1, 2023. Thirty-five percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue, Street Construction Maintenance and Repair Fund.

OPWC Loan #CH08F relates to a \$448,200 general street reconstruction project. The loan payments have been made in semi-annual installments of \$11,205 since July 1, 2004 and will be fully retired on January 1, 2024. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue, Street Construction Maintenance and Repair Fund.

OPWC Loan #CU03J relates to a \$387,900 general street reconstruction project. The loan payments have been made in semi-annual installments of \$6,465 and will be fully retired on January 1, 2038. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH09K relates to a \$525,755 general street construction project. The loan payments will be made in semi-annual installments of \$13,144 beginning July 1, 2010 and will be fully retired on January 1, 2030. Sixty percent of the loan will be paid from the Street Construction Maintenance and Repair Fund and forty percent will be paid from the Sewer Fund.

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

8. DEBT (continued)

OPWC Loan #CH15M relates to a general street construction project. As of December 31, 2009 \$99,619 has been received by the Village. The project will be completed in 2010. Sixty percent of the loan will be paid from the Street Construction Maintenance and Repair Fund and forty percent will be paid from the Sewer Fund. No amortization schedule was available at December 31, 2009.

Amortization of the above debt, excluding OPWC Loan #CHI5M, is scheduled as follows:

Year Ending December 31,	Fire Construction Bonds		OPWC Loans
	Principal	Interest	Principal
2010	\$33,284	\$16,914	\$97,278
2011	35,226	14,973	110,422
2012	37,280	12,918	110,422
2013	39,455	10,744	110,422
2014	41,756	8,442	110,422
2015-2019	115,358	10,138	522,111
2020-2024	0	0	494,813
2025-2029	0	0	258,798
2030-2034	0	0	77,789
2035-2038	0	0	38,790
Total	<u>\$302,359</u>	<u>\$74,129</u>	<u>\$1,961,267</u>

9. CAPITAL LEASES

The Village has entered into lease agreements for two ambulances used by the Village Fire Department and a lease agreement for a 2001 Vactor Model 2110, used by the Utilities Department. The monthly payments including interest totaled \$1,318, \$1,387 and \$34,909, respectively. The lease agreements for the ambulances will be fully retired on December 10, 2011 and October 15, 2012 and the lease agreement on the 2001 Vactor Model 2110 will be fully retired on May 1, 2013.

Year Ending December 31,	Lease Payments
2010	\$67,275
2011	117,784
2012	91,314
2013	<u>66,780</u>
Total minimum lease payments	\$343,153
Less: Amount representing interest	<u>(147,203)</u>
Present value of net minimum lease payments	\$195,950

VILLAGE OF NORTHFIELD
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND DECEMBER 31, 2008

10. 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). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10.0 percent of their annual covered salary. For 2009 and 2008, the Village contributed to OP&F and amount equal to 19.5 percent and 24.0 percent respectively for police officers and firefighters. For 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries and the Village contributed 14.0 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

11. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

12. JOINTLY GOVERNED ORGANIZATION

The Northfield-Macedonia Cemetery, is a jointly governed organization consisting of the City of Macedonia, Northfield Village, Northfield Center Township and Sagamore Hills Township. The jointly governed organization was formed based on the boundaries in relation to the cemetery. Each of the communities contributes a nominal fee for the maintenance of the cemetery. This fee is calculated based on the community's tax value. The Cemetery Board consists of three Board members appointed by the respective communities. One of the four communities rotates in not appointing a member each year. During fiscal years 2009 and 2008, the Village's fees were \$11,078 and \$9,920, respectively.

13. CONTINGENT LIABILITIES

The Village is a defendant in lawsuits. Management believes that the resolution of these matters will not materially affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

This page intentionally left blank

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Village of Northfield
10455 Northfield Road
Northfield, Ohio 44067

To the Village Council:

We have audited the financial statements of the Village of Northfield, Summit County (the Village), as of and for the years ended December 31, 2009, and December 31, 2008, and have issued our report thereon dated May 28, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 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 of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not expressed an opinion 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.

Village of Northfield
Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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 that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 28, 2010.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

May 28, 2010

**VILLAGE OF NORTHFIELD
SUMMIT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009 & 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2007-01	Financial Statement Adjustments.	Yes	Corrected



Mary Taylor, CPA
Auditor of State

VILLAGE OF NORTHFIELD

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
JULY 27, 2010