

**VILLAGE OF RICHWOOD
UNION COUNTY, OHIO**

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Members of Council
Village of Richwood
153 North Franklin Street
Richwood, Ohio 43344

We have reviewed the *Independent Auditors' Report* of the Village of Richwood, Union County, prepared by Wolf, Rogers, Dickey & Co., 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Repaid Under Audit

On January 14, 2008 Village Council appointed Linville Hensley to the full time position of Village Administrator at the rate of annual salary of \$41,600 per year. In addition, Mr. Hensley served as the Village Zoning Officer during fiscal year 2008. The approved 2008 annual salary amounts for the Village Administrator and the Zoning Officer positions per the Village's Salary Schedule were \$41,600 and \$2,400 respectively. The amounts paid to Mr. Hensley in 2008 exceeded the approved salary amounts.

	Approved Salary	Salary Paid	Total Overpayment
Village Administrator	\$41,600	\$43,310	\$1,710
Zoning Inspector	\$2,400	\$3,400	<u>\$1,000</u>
		Total	<u>\$2,710</u>

In accordance with the foregoing facts and pursuant to Ohio Revised Code 117.28 a Finding for Recovery for public monies illegally expended is hereby issued against Linville Hensley, Village Administrator and Zoning Officer, in the amount of \$2,710 in favor of the Village Water Fund in the amount of \$855 and the Village Sewer Fund in the amount of \$1,855.

Members of Council
Village of Richwood
153 North Franklin Street Richwood, Ohio 43344
Page -2-

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Additionally, Donald Jolliff, former Village fiscal officer and his bonding company, Ohio Government Risk Management Plan, will be jointly and severally liable in the amount of \$2,710 and in favor of the Village Water Fund in the amount of \$855 and in favor of the Village Sewer Fund in the amount of \$1,855 to the extent that recovery is not obtained from Linville Hensley.

Official’s Response

On October 13, 2010 the Village entered into an agreement with Linville Hensley for repayment of \$2,710 to the Village of Richwood through reductions of future salary payments.

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 Auditors’ 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 Auditors’ Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Members of Council
Village of Richwood
153 North Franklin Street Richwood, Ohio 43344
Page -3-

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 Richwood is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 7, 2011

This Page is Intentionally Left Blank.

Village of Richwood
Union County, Ohio

For the Years Ended December 31, 2009 and 2008

Table of Contents

Independent Auditors' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2009	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 2009	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2008	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7
Independent Auditors' 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
Schedule of Findings	19
Schedule of Prior Audit Findings	25

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

Independent Auditors' Report

Village of Richwood
Union County, Ohio

To the Village Council:

We have audited the accompanying financial statements described in the table of contents of the Village of Richwood, Union County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

November 4, 2010

Village of Richwood
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and local taxes	\$ 690,624	42,907	-	733,531
Intergovernmental	71,890	102,408	-	174,298
Charges for services	-	1,540	-	1,540
Fines, licenses and permits	8,588	-	-	8,588
Earnings on investments	22,288	1,294	-	23,582
Other	<u>10,242</u>	<u>22,720</u>	<u>-</u>	<u>32,962</u>
Total cash receipts	<u>803,632</u>	<u>170,869</u>	<u>-</u>	<u>974,501</u>
Cash disbursements:				
Current:				
Security of persons and property	439,925	53,590	-	493,515
Public health services	6,173	-	-	6,173
Leisure time activities	-	44,619	-	44,619
Transportation	-	162,920	-	162,920
General government	169,127	-	-	169,127
Capital outlay	290,713	124,295	6,965	421,973
Debt service:				
Principal	50,000	-	-	50,000
Interest	<u>2,874</u>	<u>-</u>	<u>-</u>	<u>2,874</u>
Total cash disbursements	<u>958,812</u>	<u>385,424</u>	<u>6,965</u>	<u>1,351,201</u>
Total receipts (under) disbursements	<u>(155,180)</u>	<u>(214,555)</u>	<u>(6,965)</u>	<u>(376,700)</u>
Other financing receipts (disbursements):				
Debt proceeds	288,300	-	-	288,300
Transfers out	(60,000)	-	-	(60,000)
Transfers in	-	60,000	-	60,000
Other financing uses	<u>(8,942)</u>	<u>-</u>	<u>-</u>	<u>(8,942)</u>
Total other financing receipts	<u>219,358</u>	<u>60,000</u>	<u>-</u>	<u>279,358</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	64,178	(154,555)	(6,965)	(97,342)
Fund cash balances, beginning of year	<u>581,597</u>	<u>415,334</u>	<u>106,228</u>	<u>1,103,159</u>
Fund cash balances, end of year	\$ <u>645,775</u>	<u>260,779</u>	<u>99,263</u>	<u>1,005,817</u>
Reserve for encumbrances	\$ <u>5,616</u>	<u>1,909</u>	<u>-</u>	<u>7,525</u>

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

Village of Richwood
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances – Proprietary Fund Type and Fiduciary Fund Type
For the Year Ended December 31, 2009

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating cash receipts:			
Charges for services	\$ <u>711,032</u>	<u>-</u>	<u>711,032</u>
Operating cash disbursements:			
Personal services	191,724	-	191,724
Employee fringe benefits	78,447	-	78,447
Contractual services	165,249	-	165,249
Supplies and materials	<u>56,380</u>	<u>-</u>	<u>56,380</u>
Total operating cash disbursements	<u>491,800</u>	<u>-</u>	<u>491,800</u>
Operating income	219,232	-	219,232
Non-operating cash receipts:			
Debt proceeds	220,000	-	220,000
Miscellaneous receipts	50	-	50
Earnings on investments	<u>468</u>	<u>-</u>	<u>468</u>
Total non-operating cash receipts	<u>220,518</u>	<u>-</u>	<u>220,518</u>
Non-operating cash disbursements:			
Redemption of principal	(480,585)	-	(480,585)
Interest and other fiscal charges	(64,166)	-	(64,166)
Capital outlay	<u>(207,645)</u>	<u>-</u>	<u>(207,645)</u>
Total non-operating cash disbursements	<u>(752,396)</u>	<u>-</u>	<u>(752,396)</u>
Net receipts (under) disbursements	(312,646)	-	(312,646)
Fund cash balances, beginning of year	<u>848,483</u>	<u>15,208</u>	<u>863,691</u>
Fund cash balances, end of year	\$ <u>535,837</u>	<u>15,208</u>	<u>551,045</u>
Reserve for encumbrances	\$ <u>14,546</u>	<u>-</u>	<u>14,546</u>

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

Village of Richwood
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Property and local taxes	\$ 670,035	41,556	-	711,591
Intergovernmental	32,710	92,886	-	125,596
Charges for services	-	1,897	-	1,897
Fines, licenses and permits	13,563	-	-	13,563
Earnings on investments	55,153	3,519	-	58,672
Other	<u>16,415</u>	<u>8,963</u>	<u>-</u>	<u>25,378</u>
Total cash receipts	<u>787,876</u>	<u>148,821</u>	<u>-</u>	<u>936,697</u>
Cash disbursements:				
Current:				
Security of persons and property	426,745	-	-	426,745
Leisure time activities	-	25,143	-	25,143
Transportation	5,950	116,638	-	122,588
General government	152,192	-	-	152,192
Capital outlay	<u>25,866</u>	<u>17,315</u>	<u>15,013</u>	<u>58,194</u>
Total cash disbursements	<u>610,753</u>	<u>159,096</u>	<u>15,013</u>	<u>784,862</u>
Total receipts over (under) disbursements	<u>177,123</u>	<u>(10,275)</u>	<u>(15,013)</u>	<u>151,835</u>
Other financing receipts (disbursements):				
Transfers out	(54,642)	-	-	(54,642)
Transfers in	<u>-</u>	<u>54,642</u>	<u>17,206</u>	<u>71,848</u>
Total other financing receipts (disbursements)	<u>(54,642)</u>	<u>54,642</u>	<u>17,206</u>	<u>17,206</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	122,481	44,367	2,193	169,041
Fund cash balances, beginning of year	<u>459,116</u>	<u>370,967</u>	<u>104,035</u>	<u>934,118</u>
Fund cash balances, end of year	\$ <u>581,597</u>	<u>415,334</u>	<u>106,228</u>	<u>1,103,159</u>
Reserve for encumbrances	\$ <u>5,616</u>	<u>2,223</u>	<u>-</u>	<u>7,839</u>

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

Village of Richwood
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances – Proprietary Fund Type and Fiduciary Fund Type
For the Year Ended December 31, 2008

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating cash receipts:			
Charges for services	\$ 713,732	-	713,732
Operating cash disbursements:			
Personal services	206,210	-	206,210
Employee fringe benefits	104,560	-	104,560
Contractual services	150,680	-	150,680
Supplies and materials	<u>61,532</u>	<u>-</u>	<u>61,532</u>
Total operating cash disbursements	<u>522,982</u>	<u>-</u>	<u>522,982</u>
Operating income	<u>190,750</u>	<u>-</u>	<u>190,750</u>
Non-operating cash receipts:			
Miscellaneous receipts	4,122	21,694	25,816
Non-operating cash disbursements:			
Redemption of principal	(53,109)	-	(53,109)
Interest and other fiscal charges	(60,208)	-	(60,208)
Capital outlay	<u>(106,196)</u>	<u>-</u>	<u>(106,196)</u>
Total non-operating cash disbursements	<u>(219,513)</u>	<u>-</u>	<u>(219,513)</u>
Net receipts over (under) disbursements	(24,641)	21,694	(2,947)
Other financing receipts (disbursements):			
Transfers out	(17,206)	-	(17,206)
Other financing uses	<u>-</u>	<u>(17,694)</u>	<u>(17,694)</u>
Total other financing receipts (disbursements)	<u>(17,206)</u>	<u>(17,694)</u>	<u>(34,900)</u>
Fund cash balances, beginning of year	<u>890,330</u>	<u>11,208</u>	<u>901,538</u>
Fund cash balances, end of year	\$ <u>848,483</u>	<u>15,208</u>	<u>863,691</u>
Reserve for encumbrances	\$ <u>2,574</u>	<u>-</u>	<u>2,574</u>

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

Village of Richwood
Notes to the Financial Statements
December 31, 2009 and 2008

(1) Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Richwood, Union County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

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

Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

Cash and Investments

The Village values certificates of deposit at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including State Treasury Asset Reserve (STAR) Ohio) are recorded at share value.

Fund Accounting

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

Governmental Fund Types:

General Fund

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

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(1) Summary of Significant Accounting Policies, continued

Special Revenue Funds

These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditures 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.

Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant capital project funds:

Ohio Public Works Commission Fund – This fund receives grant proceeds from the Ohio Public Works Commission (OPWC) to construct the Village storm water drainage project.

Industrial Park Fund – This fund receives state grants for the preparation of the Village's industrial park.

Proprietary Fund Types:

Enterprise Funds

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 Funds:

Water Fund – This fund receives charges for services from residents for water service.

Sewer Fund – This fund receives charges for services from residents for sewer service.

Fiduciary Fund Types:

Agency Fund

Insurance Escrow – This fund holds money for fire damage clean-up of property within the Village.

Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(1) Summary of Significant Accounting Policies, continued

Budgetary Process, continued

Appropriations, continued

estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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.

Encumbrances

The ORC requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

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

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

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 752,805	707,777
Certificates of deposit	804,057	312,831
STAR Ohio	<u>-</u>	<u>946,242</u>
Total deposits	\$ <u>1,556,862</u>	<u>1,966,850</u>

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(2) Equity in Pooled Cash, continued

Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

Certificates of deposit mature at varying dates through September 2010 and bear interest rates from .5% to 2%.

(3) Budgetary Activity

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

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 644,500	1,091,932	447,432
Special revenue	388,133	230,869	(157,264)
Enterprise	<u>1,284,830</u>	<u>931,550</u>	<u>(353,280)</u>
Total	\$ <u>2,317,463</u>	<u>2,254,351</u>	<u>(63,112)</u>

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 994,435	1,033,370	(38,935)
Special revenue	732,143	387,333	344,810
Capital projects	99,277	6,965	92,312
Enterprise	1,763,196	1,258,742	504,454
Fiduciary	<u>11,863</u>	<u>-</u>	<u>11,863</u>
Total	\$ <u>3,600,914</u>	<u>2,686,410</u>	<u>914,504</u>

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 724,500	787,876	63,376
Special revenue	277,478	203,463	(74,015)
Capital projects	85,000	17,206	(67,794)
Enterprise	935,455	717,854	(217,601)
Fiduciary	<u>-</u>	<u>21,694</u>	<u>21,694</u>
Total	\$ <u>2,022,433</u>	<u>1,748,093</u>	<u>(274,340)</u>

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 797,845	671,011	126,834
Special revenue	267,213	161,319	105,894
Capital projects	85,000	15,013	69,987
Enterprise	1,094,718	762,275	332,443
Fiduciary	<u>17,694</u>	<u>17,694</u>	<u>-</u>
Total	\$ <u>2,262,470</u>	<u>1,627,312</u>	<u>635,158</u>

Contrary to Ohio law, the Village:

- Adopted appropriations that exceeded total estimated revenue by \$61,408 in the Sewer Construction Fund, \$7,340 in the Water Debt Service Fund, \$7,683 in the Enterprise Debt Service Fund, \$32,140 in the Sewer Debt Service Fund and \$9,831 in the Insurance Escrow Fund (Fiduciary) for 2008.
- Did not obtain a reduced certificate of estimated revenue in 2008 or 2009 or reduce appropriations when actual receipts were significantly less than budgeted receipts for the Street Construction Fund. The shortfalls in revenue caused appropriations to exceed available resources in the fund.
- Had a memo expenditure in 2009 that caused expenditures to exceed appropriation authority in the General Fund by \$38,935.
- Did not adopt a written policy and appoint an individual to be responsible for a personal information system.

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is being phased out – the assessment percentage for property, including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and was zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No.66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by year 2011.

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(4) Property Tax, continued

The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

(5) Local Income Tax

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The income tax collection process is administered by the Regional Income Tax Authority. For the years ended December 31, 2009 and 2008, the Village collected \$502,888 and \$485,262, respectively.

(6) Debt Obligations

At December 31, 2009 and 2008, debt obligations consisted of the following issuances:

<u>Description</u>	<u>2009</u>	<u>2008</u>
2002 OPWC for water line improvement, due in semiannual installments of \$2,046 through 2022 at a rate of 0%.	49,109	53,201
2002 Ohio Water Development Authority (OWDA) for water system improvements, due in semiannual installments of \$11,404 through 2027.	221,823	241,881
1990 United States Department of Agriculture (USDA) Sanitary Sewerage System Mortgage Revenue Bonds, due in annual installments of varying amounts through 2030 at a rate of 4.5%, repaid early in 2009.	-	382,000
1977 General Motors Acceptance Corporation (GMAC) Water System Mortgage Revenue Bonds, due in annual installments of varying amounts through 2017 at a rate of 5.0%.	289,000	318,000
1977 GMAC Sewer System Mortgage Revenue Bonds, due in annual installments of varying amounts through 2017 at a rate of 5.0%.	-	67,000

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(6) Debt Obligations, continued

Richwood Banking Company, commercial loan, due in annual installments of \$49,608 through 2014 at a rate of 4%	220,000	-
Richwood Banking Company, revolving line of credit of up to \$350,000 maturing in 2014 at a rate of 4%	<u>238,300</u>	<u>-</u>
Total debt obligations	\$ <u>1,018,232</u>	<u>1,062,082</u>

Transactions for the years ended December 31, 2009 and 2008 are summarized as follows:

2009 <u>Description</u>	Restated Balance at <u>12/31/08</u>	<u>Proceeds</u>	Adjustments and <u>Payments</u>	Balance at <u>12/31/09</u>
OPWC	\$ 53,201	-	4,092	49,109
OWDA – 2002	220,316	-	(1,507)	221,823
USDA Mortgage Revenue Bonds	382,000	-	382,000	-
GMAC Water Mortgage Revenue Bonds	318,000	-	29,000	289,000
GMAC Sewer Mortgage Revenue Bonds	67,000	-	67,000	-
Richwood Banking Company	-	220,000	-	220,000
Richwood Banking Company–Line of Credit	<u>-</u>	<u>288,300</u>	<u>50,000</u>	<u>238,300</u>
Totals	\$ <u>1,040,517</u>	<u>508,300</u>	<u>530,585</u>	<u>1,018,232</u>

2008 <u>Description</u>	Balance at <u>12/31/07</u>	<u>Proceeds</u>	<u>Payments</u>	Balance at <u>12/31/08</u>
OPWC	\$ 57,294	-	4,093	53,201
OWDA – 2002	248,897	-	7,016	241,881
USDA Mortgage Revenue Bonds	390,000	-	8,000	382,000
GMAC Water Mortgage Revenue Bonds	346,000	-	28,000	318,000
GMAC Sewer Mortgage Revenue Bonds	<u>73,000</u>	<u>-</u>	<u>6,000</u>	<u>67,000</u>
Totals	\$ <u>1,115,191</u>	<u>-</u>	<u>53,109</u>	<u>1,062,082</u>

The Village is restating the beginning balance of the OWDA debt as of January 1, 2009 based upon changes made by OWDA to the Village's financing terms and repayment requirements in 2009.

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(6) Debt Obligations, continued

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2009 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>OPWC</u>	<u>OWDA</u>		<u>GMAC – Water</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 4,092	3,704	7,087	30,000	14,450
2011	4,092	7,767	13,816	32,000	12,950
2012	4,092	8,271	13,311	34,000	11,350
2013	4,092	8,808	12,774	35,000	9,650
2014	4,092	9,380	12,203	37,000	7,900
2015-2019	20,460	56,865	51,048	121,000	12,250
2020-2024	8,189	77,881	30,033	-	-
2025-2029	-	49,147	4,809	-	-
Total	\$ <u>49,109</u>	<u>221,823</u>	<u>145,081</u>	<u>289,000</u>	<u>68,550</u>

<u>Year Ending</u> <u>December 31</u>	<u>Richwood Banking Company</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	40,588	9,020	78,384	30,557
2011	42,252	7,356	86,111	34,122
2012	43,985	5,623	90,348	30,284
2013	45,788	3,820	93,688	26,244
2014	47,387	1,941	97,859	22,044
2015-2019	-	-	198,325	63,298
2020-2024	-	-	86,070	30,033
2025-2029	-	-	49,147	4,809
Total	\$ <u>220,000</u>	<u>27,760</u>	<u>779,932</u>	<u>241,391</u>

In addition to the debt described above, the Village is obligated under a wastewater design planning loan through the OWDA dated July 1, 2005. The maximum amount of the loan is \$52,000, of which \$43,064 has been disbursed. The loan bears interest at 5% and requires a single balloon payment by July 1, 2010. The current outstanding balance, including capitalized interest, is \$52,630.

The Village also has a \$350,000 line of credit with a local bank that expires in December 2014. The line bears interest at 4% and requires quarterly interest payments beginning in December 2009. In addition, the line requires minimum annual principal payments of the lesser of \$70,000 or the balance of outstanding advances beginning in December 2010. A final payment of any remaining outstanding balance is payable in December 2014.

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(7) Retirement System

During 2009 and 2008 the Village's law enforcement officers belonged to the Ohio Police and Fire Fund (OP&F) retirement system, while other employees belonged to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2009 and 2008, members of OP&F contributed 10% of their wages to the OP&F and the Village contributed an amount equal to 19.5% of their wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equal to 14% of participants' gross salaries. As of December 31, 2009, the Village has paid all contributions required for 2009 and 2008.

(8) Risk Pool Membership

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 over 550 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the ORC, 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 fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as 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 15% 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 over 650 members as of December 31, 2008. The Village participates in this coverage.

In August 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the ORC. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions 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 seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

Village of Richwood
Notes to the Financial Statements, continued
December 31, 2009 and 2008

(8) Risk Pool Membership, continued

Plan members are responsible to notify the Plan of their intent to renew coverage 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 members period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 11,176,186	10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members' equity	\$ <u>6,323,701</u>	<u>5,184,333</u>

The complete audited financial statements for The Ohio Government Risk Management Plan are available at the Plan's website, www.ohioplan.org.

(9) Subsequent Events

Subsequent events have been evaluated through November 4, 2010, which is the date the financial statements were available to be issued.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

**Independent Auditors' 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 Richwood
Union County, Ohio

To the Village Council:

We have audited the financial statements of the Village of Richwood, Union County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 4, 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion 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 first paragraph of this section 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 and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a

material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider findings 2009-01 through 2009-04 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-05 and 2009-06 described in the accompanying schedule of findings to be significant deficiencies.

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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-02, 2009-07 through 2009-09.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 4, 2010.

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

Wolf, Rogers, Dickey & Co.
Certified Public Accountants

November 4, 2010

**Village of Richwood
Union County, Ohio
Schedule of Findings
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

Finding Number 2009-01
Material Weakness

Bank reconciliations were not accurately prepared during the entire audit period. Each month of the two-year period had a significant amount in "other adjusting factors" on the Uniform Accounting Network (UAN) bank reconciliation to balance the reconciliation. The amounts ranged from tens of thousands of dollars to in excess of \$100,000 and fluctuated between positive and negative numbers each month.

In a separate engagement, we assisted the Village in identifying the reconciling items. The cash balance in the UAN system was reduced by \$51,504 for the reconciling items in 2008 and an additional \$40,175 in 2009. We found that many deposits were not recorded in UAN until months after deposit to the bank or not at all, in several instances an entire month of sewer and water deposits were recorded more than once in UAN, the outstanding check list was incorrect, payroll tax deposits were set up in UAN to be made electronically and so were deducted from the cash balance, but the electronic payments were not made until a later month. These represent a few of the major problems that we noted.

Lack of accurate bank reconciliations is a serious flaw in the internal control system of the Village, and prevents management or council from being able to effectively safeguard this asset from theft or misuse. In addition, such large out-of-balance amounts on the bank reconciliations mean that the Village's unaudited financial statements made available to the public at the end of each year were materially misstated.

All banking activity should be recorded in the UAN system in the month in which it occurs. Reconciling items on accurate bank reconciliations should only include identifiable checks that have been written but not cleared the bank or deposits in transit that have been recorded in the UAN system but did not get posted by the bank until the next month. Any other items that do not agree between the bank and the UAN system should be resolved and corrected immediately before completing the reconciliation, instead of merely recording a number into "other adjusting factors".

Village response:

Additional reconciliations were done under audit. Financial adjustments made by the Village in 2010 shall help rectify this issue.

**Village of Richwood
Union County, Ohio
Schedule of Findings, continued
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2009-02
Material Weakness/Noncompliance citation

In 2009, the Village purchased a building using bank financing. Although the transaction has no effect on the Village's cash account, when such a purchase is made, a memo receipt should be recorded in UAN showing other income for the bank financing and capital outlay for the purchase. Such an entry was not made for this transaction, causing the Village prepared financial statements to be materially misstated. This entry has been reflected in the audited financial statements.

In addition, the Village should have obtained an amended certificate of estimated revenue to include the bank proceeds and should have increased appropriations to include purchase of the building. Because these steps were not performed, appropriations were not sufficient to cover the purchase of the building. In violation of Ohio Revised Code (ORC) 5705.41(B), expenditures in the General Fund exceeded appropriation authority by \$38,935 in 2009.

Village response:

Village Administration did not account for this issue when monies were borrowed for this project. This issue shall be noted in future dealings.

Finding Number 2009-03
Material Weakness

The Village Officers' Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the code.

We noted the following errors in the Village prepared financial statements that required reclassification:

- In 2008, \$26,817 of rollback/homestead and tangible personal property replacement (TPP) receipts was reclassified from Local Taxes to Intergovernmental. In 2009, \$21,434 of rollback/homestead receipts was reclassified from Local Taxes to Intergovernmental. In 2009, local sales tax receipts of \$17,590 were reclassified from Intergovernmental to Local Taxes.
- In 2009, local income tax receipts received from the Regional Income Tax Authority (RITA) were recorded to local income taxes net of the five percent administrative fee charged by RITA. As a result, \$27,086 was reclassified to General Government from Local Taxes.
- In 2008, \$29,820 of permissive motor vehicle license tax receipts were reclassified from Intergovernmental to Local Taxes.
- In 2009, \$220,000 proceeds from a bank loan were reclassified from Consumer Rent to Debt Proceeds in the Enterprise Funds.

**Village of Richwood
Union County, Ohio
Schedule of Findings, continued
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2009-03, continued
Material Weakness

- In 2009, \$6,510 of cable franchise fees and court fines were reclassified from Other Income to Fines, Licenses and Permits.
- In 2008, for various funds, a total of \$117,194 of expenditures was reclassified to a correct line item in the financial statements. These reclassifications included \$51,916 of Capital Outlay items that were incorrectly recorded as various other types of expenditures, \$6,239 of Debt Service payments that were recorded as Security of Persons and Property, \$1,871 of Debt Service payments that were recorded as Capital Outlay, and \$24,675 of General Government expenditures that were recorded as Public Health Services and Transportation.
- In 2009, for various funds, a total of \$275,021 of expenditures was reclassified to a correct line item in the financial statements. These reclassifications included \$52,874 of Debt Service payments that were recorded as Security of Persons and Property, \$49,549 of Debt Service payments that were recorded as Capital Outlay and Interest, \$67,797 of Capital Outlay items that were recorded as Security of Persons and Property and \$72,958 of Capital Outlay items that were recorded as Supplies and Materials.

These adjustments are reflected in the audited financial statements and the Village's books. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit was completed were materially misstated.

Village response:

Additional reconciliations were done under audit to reclassify funds. Adjustments shall be made by the Village in 2011 to rectify this issue.

Finding Number 2009-04
Material Weakness

The size of the Village's accounting and administrative staff does not permit optimal segregation of accounting duties, which is a necessary element in safeguarding the assets of the Village. Due to this situation the Village Council and Mayor must provide a strong oversight function. Council does not review bank statements, cancelled checks or bank reconciliations. Council should designate a member(s) to scan the monthly bank statements, cancelled checks and bank reconciliations for appropriateness of activity. This review should be documented with the reviewing member's signature and date on the monthly statements/reconciliation.

Village response:

The Mayor shall assign oversight of this issue to a committee of Council in 2011 to rectify this issue.

**Village of Richwood
Union County, Ohio
Schedule of Findings, continued
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2009-05
Significant Deficiency

The Internal Revenue Code requires an entity to issue Internal Revenue Service Form 1099-MISC when payments for services performed for the entity by individuals not treated as employees total \$600 or more. We noted several vendors that appeared to meet this requirement in 2008; however, the Village did not issue form 1099-MISC to these vendors.

Village response:

The Fiscal Officer shall rectify this issue. The Mayor shall assign oversight of this issue to a committee of Council in 2011 to rectify this issue.

Finding Number 2009-06
Significant Deficiency

In 2008, the Village paid an employee \$2,710 more than was authorized by Council. Although the amount was not material to the financial statements, this incident was a consequence of the lack of proper internal controls that existed at the Village at that time.

Village response:

Funds to rectify this issue are currently being collected under a payment plan. The Mayor shall assign oversight of this issue to a committee of Council in 2011 to help prevent this issue from happening again.

Finding Number 2009-07
Noncompliance citation

Significant adjustments to cash balances by fund were made near the end of 2008 as a result of the audit of 2006 and 2007. Although the Fiscal Officer requested an amended certificate of estimated resources to reflect the corrected beginning cash balances by fund for 2008, the amended certificate did not include adjustments for funds in which actual receipts exceeded budgeted receipts. In addition, appropriations were not amended for the funds whose beginning cash balances and therefore, available resources were significantly decreased as a result of the audit adjustments. As a result, in violation of ORC 5705.39, appropriations exceeded estimated resources for 2008 as follows: Sewer Construction Fund - \$61,408; Water Debt Service - \$7,340; Enterprise Debt Service - \$7,683; Sewer Debt Service - \$32,140 and Insurance Escrow Fund - \$9,831.

Village response:

The Mayor shall assign oversight of this issue to a committee of Council in 2011 to rectify this issue.

**Village of Richwood
Union County, Ohio
Schedule of Findings, continued
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2009-08
Noncompliance citation

ORC 5705.36 states that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2008 and 2009, appropriations exceeded available resources by \$1,988 and \$37,176 in the Street Construction Fund, respectively. These deficits were caused by actual receipts falling below budgeted receipts by \$33,619 and \$135,655. We recognize that the Village did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended certificate of estimated resources to reflect the reduced receipts. Additionally, the Village should have reduced the appropriations below the estimated resources.

Village response:

The Mayor shall assign oversight of this issue to a committee of Council in 2011 to rectify this issue.

Finding Number 2009-09
Noncompliance citation

In April 2009, ORC Chapter 1347 was added to address the storage, use and distribution of personal information. This chapter requires that the Village adopt a written policy and appoint an individual to be responsible for a personal information system. The personal information system must protect personal information from unauthorized modification, destruction, use or disclosure. The Village has not taken action to comply with this requirement.

Village response:

The Mayor shall assign oversight of this issue to a committee of Council in 2011 to propose legislation if necessary and rectify this issue.

**Village of Richwood
Union County, Ohio
Schedule of Findings, continued
December 31, 2009 and 2008**

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS (continued)**

Finding Number 2009-10
Noncompliance citation

ORC 2921.42(A)(1) states that no public official shall knowingly authorize, or employ the authority or influence of the public official's office to secure the authorization of any public contract in which the public official, a member of the public official's family, or any public official's business associations has any interest. In 2008, a single employee of the Village held the position of both Village Administrator and Zoning Inspector. The Columbus Regional Office of the Auditor of State believes this to be a potential violation of ORC 2921.42(A)(1) and will be referring the matter to the Ohio Ethics Commission.

Village response:

No Village response received.

**Village of Richwood
Union County, Ohio
Schedule of Prior Audit Findings
December 31, 2009 and 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	Timely filing and accuracy of certificate of estimated resources	No	Partially corrected. Repeated timeliness issue in management letter.
2007-02	Timely adoption of appropriation measure	No	Partially corrected. Repeated in management letter.
2007-03	Appropriations exceeded estimated resources	No	Repeated as Finding Number 2009-07
2007-04	Amended certificates of estimated resources	No	Repeated as Finding Number 2009-08
2007-05	Encumbering funds prior to expenditure	No	Partially corrected. Repeated in management letter.
2007-06	Use of rubber stamp signature	Yes	Finding no longer valid.
2007-07	Bidding out contracts	Yes	Finding no longer valid.
2007-08	Maintaining public documents	Yes	Finding no longer valid.
2007-09	Missing invoices	Yes	Finding no longer valid.
2007-10	Properly classifying receipts and disbursements	No	Repeated as Finding Number 2009-03
2007-11	Timely and accurate remittances to OPERS	Yes	Finding no longer valid.
2007-12	Improve segregation of duties and council oversight of finances	No	Partially corrected. Repeated review of bank reconciliation issue as Finding Number 2009-04
2007-13	Bank account not included in UAN system	Yes	Finding no longer valid.



Dave Yost • Auditor of State

VILLAGE OF RICHWOOD

UNION 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
FEBRUARY 17, 2011