



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**VILLAGE OF NEW RICHMOND  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Richmond  
Clermont County  
102 Willow Street  
New Richmond, Ohio 45157

To the Village Council:

We have audited the accompanying financial statements of the Village of New Richmond, Clermont County, Ohio (the Village), as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 as of December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2000, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

**Jim Petro**  
Auditor of State

September 25, 2000

**VILLAGE OF NEW RICHMOND  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

|   | <u>Governmental Fund Types</u> |                            |                             | <u>Fiduciary<br/>Fund Type</u> | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-----------------------------|--------------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u>    |   |
| <b>Cash Receipts:</b>   |                                |                            |                             |                                |   |
| Property Tax and Other Local Taxes  | \$242,259                      | \$516,778                  | \$0                         | \$16,598                       | \$775,635                               |
| Intergovernmental Receipts  | 208,559                        | 183,763                    | 1,585,948                   | 928                            | 1,979,198                               |
| Charges for Services  | 12,486                         | 78,064                     |                             |                                | 90,550                                  |
| Fines, Licenses, and Permits  | 20,455                         | 894                        |                             |                                | 21,349                                  |
| Earnings on Investments   | 38,021                         | 327                        |                             |                                | 38,348                                  |
| Miscellaneous   | 3,288                          | 26,585                     | 1,316                       |                                | 31,189                                  |
| <b>Total Cash Receipts</b>  | <u>525,068</u>                 | <u>806,411</u>             | <u>1,587,264</u>            | <u>17,526</u>                  | <u>2,936,269</u>                        |
| <b>Cash Disbursements:</b>  |                                |                            |                             |                                |   |
| Current:  |                                |                            |                             |                                |   |
| Security of Persons and Property  |                                | 582,398                    |                             | 28,570                         | 610,968                                 |
| Public Health Services  |                                | 26,246                     |                             |                                | 26,246                                  |
| Leisure Time Activities   |                                | 20,000                     |                             |                                | 20,000                                  |
| Community Environment   |                                | 20,282                     | 36,070                      |                                | 56,352                                  |
| Basic Utility Services  | 38,079                         |                            |                             |                                | 38,079                                  |
| Transportation  |                                | 79,307                     |                             |                                | 79,307                                  |
| General Government  | 349,513                        | 524                        | 31,712                      |                                | 381,749                                 |
| Debt Service:   |                                |                            |                             |                                |   |
| Principal Payments  | 63,660                         | 28,527                     |                             |                                | 92,187                                  |
| Interest Payments   | 881                            | 16,875                     |                             |                                | 17,756                                  |
| Capital Outlay  | 60,641                         | 89,033                     | 1,048,561                   |                                | 1,198,235                               |
| <b>Total Disbursements</b>  | <u>512,774</u>                 | <u>863,192</u>             | <u>1,116,343</u>            | <u>28,570</u>                  | <u>2,520,879</u>                        |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <u>12,294</u>                  | <u>(56,781)</u>            | <u>470,921</u>              | <u>(11,044)</u>                | <u>415,390</u>                          |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |                             |                                |   |
| Other Financing Sources   | 4,425                          | 26,971                     |                             |                                | 31,396                                  |
| Transfers-In  |                                | 50,000                     |                             | 23,000                         | 73,000                                  |
| Advances-In   | 7,000                          | 5,000                      | 3,500                       |                                | 15,500                                  |
| Transfers-Out   | (73,000)                       |                            |                             |                                | (73,000)                                |
| Advances-Out  | (78,500)                       | (7,000)                    |                             |                                | (85,500)                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>(140,075)</u>               | <u>74,971</u>              | <u>3,500</u>                | <u>23,000</u>                  | <u>(38,604)</u>                         |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <u>(127,781)</u>               | <u>18,190</u>              | <u>474,421</u>              | <u>11,956</u>                  | <u>376,786</u>                          |
| <b>Fund Cash Balances, January 1</b>  | <u>675,990</u>                 | <u>196,508</u>             | <u>186,635</u>              | <u>(11,710)</u>                | <u>1,047,423</u>                        |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$548,209</b></u>        | <u><b>\$214,698</b></u>    | <u><b>\$661,056</b></u>     | <u><b>\$246</b></u>            | <u><b>\$1,424,209</b></u>               |
| <b>Reserves for Encumbrances, December 31</b>   | <u><b>\$26,162</b></u>         | <u><b>\$30,019</b></u>     | <u><b>\$319</b></u>         | <u><b>\$0</b></u>              | <u><b>\$56,500</b></u>                  |

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

**VILLAGE OF NEW RICHMOND  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|----------------------------------|--------------------------------|---|
|  | <u>Enterprise</u>                | <u>Agency</u>                  |   |
| <b>Operating Cash Receipts:</b>  |                                  |                                |   |
| Charges for Services   | \$614,147                        |                                | \$614,147                               |
| Miscellaneous  | 3,367                            |                                | 3,367                                   |
| Total Operating Cash Receipts  | <u>617,514</u>                   | <u>0</u>                       | <u>617,514</u>                          |
| <b>Operating Cash Disbursements:</b>   |                                  |                                |   |
| Personal Services  | 140,463                          |                                | 140,463                                 |
| Contractual Services   | 179,467                          |                                | 179,467                                 |
| Supplies and Materials   | 111,165                          |                                | 111,165                                 |
| Capital Outlay   | 28,108                           |                                | 28,108                                  |
| Miscellaneous  |                                  |                                |   |
| Total Operating Cash Disbursements   | <u>459,203</u>                   | <u>0</u>                       | <u>459,203</u>                          |
| Operating Income/(Loss)  | <u>158,311</u>                   | <u>0</u>                       | <u>158,311</u>                          |
| <b>Non-Operating Cash Receipts:</b>  |                                  |                                |   |
| Intergovernmental Receipts   | 3,932                            |                                | 3,932                                   |
| Other Non-Operating Receipts   | 20,288                           | 67,241                         | 87,529                                  |
| Total Non-Operating Cash Receipts  | <u>24,220</u>                    | <u>67,241</u>                  | <u>91,461</u>                           |
| <b>Non-Operating Cash Disbursements:</b>   |                                  |                                |   |
| Debt Service - Principal   | 128,046                          |                                | 128,046                                 |
| Debt Service - Interest  | 56,816                           |                                | 56,816                                  |
| Other Non-Operating Disbursements  |                                  | 24,849                         | 24,849                                  |
| Total Non-Operating Cash Disbursements   | <u>184,862</u>                   | <u>24,849</u>                  | <u>209,711</u>                          |
| Excess of Receipts Over/(Under) Disbursements<br>Before Interfund Transfers and Advances | (2,331)                          | 42,392                         | 40,061                                  |
| Advances-In  | 70,000                           |                                | 70,000                                  |
| Net Receipts Over/(Under) Disbursements  | 67,669                           | 42,392                         | 110,061                                 |
| Fund Cash Balances, January 1  | <u>312,017</u>                   | <u>9,471</u>                   | <u>321,488</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$379,686</u></b>          | <b><u>\$51,863</u></b>         | <b><u>\$431,549</u></b>                 |
| Reserve for Encumbrances, December 31  | <u>\$20,529</u>                  | <u>\$0</u>                     | <u>\$20,529</u>                         |

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



**VILLAGE OF NEW RICHMOND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Richmond, Clermont 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 water and sewer utilities, and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash Deposits**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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:

*Police Levy Fund* - This fund receives taxes levied to provide police protection services to the Village's residents.

*EMS Levy Fund* - This fund receives taxes levied to provide emergency medical services to the Village's residents.

**3. Capital Project Funds**

These funds are 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 had the following significant Capital Project Funds:

**VILLAGE OF NEW RICHMOND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

*Hazard Mitigation Grant Program (HMGP) 1097 Fund* - This fund receives grant monies for the acquisition of property in the flood plain.

*U.S. 52 Turn Lane Project* - To account for receipts and expenditures spent on behalf of the Village for the creation of turn lane on U.S. 52.

**4. Enterprise Funds**

These funds account 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 had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Debt Fund* - This fund receives charges for services from residents to cover the cost of making the wastewater treatment plant's principal debt payments.

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Police Pension Fund* - This fund receives a portion of the taxes, levied to provide police protection services to the Village's residents, to pay for police pension.

*Mayor's Court Fund* - This fund receives fines collected by Mayor's Court and distributed to the Village and to the State.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF NEW RICHMOND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting. However, a review was performed to determine the amount of encumbrances outstanding at year-end which were not recorded. These additional encumbrances were added to the financial statements.

A summary of 1999 budgetary activity appears in Note 3.

**F. 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. PRIOR PERIOD ADJUSTMENT**

The Special Revenue Fund's beginning balance was adjusted to include a cemetery trust fund previously classified as a Non-Expendable Trust Fund, because there is no trust agreement. The Capital Projects Fund's beginning balance was adjusted to include federal grant monies used to acquire properties in the flood plain previously classified as a Special Revenue Fund. The Enterprise Fund's beginning balance was adjusted to include sewer debt receipts and disbursements previously classified as a Debt Service Fund and sewer Issue 2 monies previously classified as a Capital Projects Fund. The Agency Fund's beginning balance was adjusted to include unclaimed monies previously classified as an Expendable Trust Fund Type and exclude the Market Street School donations which were paid back to the donors during 1998.

**VILLAGE OF NEW RICHMOND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**2. PRIOR PERIOD ADJUSTMENT(Continued)**

The following adjustments were made to restate beginning balances:

| Fund Type/Fund       | Previously Stated Balance at 12/31/98 | Total Adjustments | Restated Balance at January 1, 1999 |
|----------------------|---------------------------------------|-------------------|-------------------------------------|
| Governmental Funds:  |                                       |                   |                                     |
| Special Revenue      | 265,099                               | (68,591)          | 196,508                             |
| Debt Service         | 284,381                               | (284,381)         | 0                                   |
| Capital Projects     | 149,384                               | 37,251            | 186,635                             |
| Proprietary Fund:    |                                       |                   |                                     |
| Enterprise           | (51,124)                              | 363,141           | 312,017                             |
| Fiduciary Funds:     |                                       |                   |                                     |
| Expendable Trust     | (11,124)                              | (586)             | (11,710)                            |
| Non-Expendable Trust | 47,421                                | (47,421)          | 0                                   |
| Agency               | 8,885                                 | 586               | 9,471                               |

**3. EQUITY IN POOLED CASH**

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

| <u><b>1999</b></u>      |                            |
|-------------------------|----------------------------|
| Demand deposits         | \$ 1,165,134               |
| Certificates of deposit | <u>690,624</u>             |
| Total deposits          | <u><u>\$ 1,855,758</u></u> |

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW RICHMOND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999, follows:

| 1999 Budgeted vs. Actual Receipts |                      |                     |                  |
|-----------------------------------|----------------------|---------------------|------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts  | Variance         |
| General                           | \$ 596,541           | \$ 536,493          | \$ (60,048)      |
| Special Revenue                   | 864,350              | 888,382             | 24,032           |
| Capital Projects                  | 1,580,835            | 1,590,764           | 9,929            |
| Enterprise                        | 664,266              | 711,734             | 47,468           |
| Expendable Trust                  | 28,240               | 40,526              | 12,286           |
| Total                             | <u>\$ 3,734,232</u>  | <u>\$ 3,767,899</u> | <u>\$ 33,667</u> |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                     |
|---|----------------------------|---------------------------|---------------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance            |
| General   | \$ 1,083,707               | \$ 690,436                | \$ 393,271          |
| Special Revenue                                       | 983,163                    | 900,211                   | 82,952              |
| Capital Projects                                      | 1,723,836                  | 1,116,662                 | 607,174             |
| Enterprise  | 747,103                    | 664,594                   | 82,509              |
| Expendable Trust                                      | 28,575                     | 28,570                    | 5                   |
| Total   | <u>\$ 4,566,384</u>        | <u>\$ 3,400,473</u>       | <u>\$ 1,165,911</u> |

Ohio Rev. Code, Section 5705.41 (D), prohibits a subdivision from making an expenditure unless it has been properly appropriated and free from previous encumbrances. The Village did not encumber expenditures throughout the year, for all funds.

Ohio Rev. Code, Section 5704.41 (B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. At year end, the Village U.S. 52 Turn Lane Project Fund had budgetary expenditures in excess of appropriations by \$371,808.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF NEW RICHMOND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

|  | Principal    | Interest<br>Rate |
|--|--------------|------------------|
| Lease Purchase - Police Radios             | 6,715        | 7%               |
| Lease Purchase - Backhoe                   | 32,037       | 6%               |
| Bank Note - Fire Truck                     | 289,949      | 5%               |
| Ohio Water Development Authority Loan-1971 | 17,694       | 6%               |
| Ohio Water Development Authority Loan-1994 | \$ 2,374,579 | 2.2%             |
| Total                                      | \$ 2,720,974 |                  |

The police radios capital lease was entered into in April 1998 requiring payments of \$194 for a period of five years. The final payment is due in March 2003.

The backhoe capital lease was entered into on October 20, 1999, requiring payments of \$9,193 for a period of five years. The final payment is due on October 20, 2003.

The fire truck bank note, for the purchase of an aerial fire truck, was issued on June 22, 1999, and is secured by the fire truck. This note will be repaid over ten years with not less than the principal amount of \$40,801 being paid annually. The final payment is due on June 22, 2008.

The Ohio Water Development Authority (OWDA) 1971 loan was for the purpose of improvements to the existing primary wastewater treatment plant. The loan will be repaid with semi-annual payments of \$3,938, including interest, on January 1 and July 1 of each year for 30 years. The final payment is due on July 1, 2002. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) 1994 loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semi-annual payments of \$86,196, including interest, on January 1 and July 1 of each year for 20 years. The final payment is due on July 1, 2016. The loan is collateralized by sewer receipts.

Amortization of the above debt, including interest, is scheduled as follows:

| Year ending<br>December 31: | OWDA<br>Loan-1994 | OWDA<br>Loan-1971 | Fire Truck<br>Note | Radio<br>Lease | Backhoe<br>Lease |
|-----------------------------|-------------------|-------------------|--------------------|----------------|------------------|
| 2000                        | \$ 86,196         | \$ 3,938          | \$ 40,801          | \$ 2,329       | \$ 9,193         |
| 2001                        | 172,393           | 7,876             | 40,801             | 2,329          | 9,193            |
| 2002                        | 172,393           | 7,876             | 40,801             | 2,329          | 9,193            |
| 2003                        | 172,393           | 0                 | 40,801             | 582            | 9,193            |
| 2004                        | 172,393           | 0                 | 40,801             | 0              | 0                |
| Subsequent                  | 2,068,710         | 0                 | 163,112            | 0              | 0                |
| Total                       | \$ 2,844,478      | \$ 19,690         | \$ 367,117         | \$ 7,569       | \$ 36,772        |

**VILLAGE OF NEW RICHMOND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**6. DEBT (Continued)**

**Noncompliance with Loan Covenant**

Provisions within the Ohio Water Development Authority Loan, 1971 and 1994 state that "the Village at all times will charge rates for the services of the system. The revenues from the system should at least equal, after meeting such operation and maintenance expenses, the amount of principal and interest debt service requirements necessary in any succeeding year to meet interest and principal maturities of all bonds secured solely by revenues of the System."

The Village did not comply with this covenant. For 1999, the Loan covenant required the Sewer System to have an operating income of \$270,403; however, the Sewer System had an operating income of \$120,894.

The possible effects of the Village's noncompliance with the loan covenants include acceleration of the payment of bond principal upon request of the Director. As of the date of the audit opinion, the Director had not obtained approval to defer the payment of the principal.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS 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 Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village owed \$7,318 to the PFDPF at December 31, 1999, for the 4<sup>th</sup> quarter. The Village paid PERS in December for the 4<sup>th</sup> quarter.

**8. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**9. CONTINGENT LIABILITIES**

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.

**VILLAGE OF NEW RICHMOND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**10. JOINTLY GOVERNED ORGANIZATION**

The Community Improvement Corporation of New Richmond (CIC) is a not-for-profit corporation established under ORC 1724 for the purpose of advancing, encouraging, and promoting the industrial, economical, commercial, and civic development of a community or area. The Articles of Incorporation established for the CIC require 11 trustees. Per ORC 1724.10, the Village of New Richmond has designated the CIC as the agent of New Richmond Village for the "industrial, commercial, distribution, and research development in such political subdivision." Per 1724.10 (A), two-fifths of the Governing Board of the CIC shall be composed of mayor's, members of municipal legislative authorities, or any other appointed or elected officers of such political subdivisions, provided that at least one officer from each political subdivision shall be a member of the Governing Board. As of December 31, 1999, Sue Gundler, a member of the New Richmond Village Council, and Rick Hilt, a member of the New Richmond Planning Commission, are serving on the Governing Board of CIC. The CIC still owes the Village of New Richmond \$22,500 for a loan to purchase land.



**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

| <b>FEDERAL GRANTOR/<br/>Pass Through Grantor<br/>Program Title</b>   | Pass Through<br>Entity<br>Number | Federal<br>CFDA<br>Number | Disbursements             |
|--|----------------------------------|---------------------------|---------------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND<br/>URBAN DEVELOPMENT</b>          |                                  |                           |                           |
| <i>Passed Through Ohio Department of Development:</i>                |                                  |                           |                           |
| Community Development Block Grant<br>Imminent Threat                 | C-I-97-276-1                     | 14.228                    | \$221,108                 |
| Community Development Block Grant<br>Appalachian Regional Commission | C-P-97-276-1                     | 14.228                    | <u>20,000</u><br>241,108  |
| <i>Passed Through Clermont County:</i>                               |                                  |                           |                           |
| Disaster Recovery Initiative Grant                                   | B-98-DU                          | xx . xxx                  | <u>\$126,662</u>          |
| Total U.S. Department of Housing and Urban<br>Development            |                                  |                           | <u>367,770</u>            |
| <b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>                      |                                  |                           |                           |
| <i>Passed Through Ohio Emergency Management Agency:</i>              |                                  |                           |                           |
| Hazard Mitigation Grant  | DR-1097-OH                       | 83.548                    | 163,104                   |
| Hazard Mitigation Grant  | DR-1164-OH                       | 83.548                    | <u>154,066</u><br>317,170 |
| Public Assistance Grants   | DR-1164-OH                       | 83.544                    | <u>2,500</u>              |
| Total U.S. Federal Emergency Management Agency                       |                                  |                           | <u>319,670</u>            |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                    |                                  |                           |                           |
| <i>Direct from Federal Government:</i>                               |                                  |                           |                           |
| Public Safety Partnership and Community<br>Policing Grants           | 95-CF-WX-3638                    | 16.710                    | <u>\$6,601</u>            |
| Total U.S. Department of Justice                                     |                                  |                           | <u>6,601</u>              |
| <b>Total</b>   |                                  |                           | <u><b>\$694,041</b></u>   |

*The accompanying notes to this schedule are an integral part of this schedule.*

**VILLAGE OF NEW RICHMOND  
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of New Richmond  
Clermont County  
102 Willow Street  
New Richmond, Ohio 45157

To the Village Council:

We have audited the accompanying financial statements of the Village of New Richmond, Clermont County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated September 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 1999-30413-001 through 1999-30413-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated September 25, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-30413-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Village of New Richmond  
Clermont County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

September 25, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of New Richmond  
Clermont County  
102 Willow Street  
New Richmond, Ohio 45157

To the Village Council:

**Compliance**

We have audited the compliance of the Village of New Richmond, Clermont County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 1999-30413-005 and 1999-30413-007.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the Village's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. These reportable conditions are described in the accompanying schedule of findings as items 1999-30413-006 and 1999-30413-008.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses.

This report is intended for the information and use of management, Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Jim Petro', written in a cursive style.

**Jim Petro**  
Auditor of State

September 25, 2000

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

|              |  |  |
|--------------|--|--|
| (d)(1)(i)    | Type of Financial Statement Opinion  | Unqualified  |
| (d)(1)(ii)   | Were there any material control weakness conditions reported at the financial statement level (GAGAS)?         | No   |
| (d)(1)(ii)   | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | Yes  |
| (d)(1)(iii)  | Was there any reported material non-compliance at the financial statement level (GAGAS)?                       | Yes  |
| (d)(1)(iv)   | Were there any material internal control weakness conditions reported for major federal programs?              | No   |
| (d)(1)(iv)   | Were there any other reportable internal control weakness conditions reported for major federal programs?      | Yes  |
| (d)(1)(v)    | Type of Major Programs' Compliance Opinion   | Unqualified  |
| (d)(1)(vi)   | Are there any reportable findings under § .510?  | Yes  |
| (d)(1)(vii)  | Major Programs (list):   | FEMA CFDA #83.548 Hazard Mitigation<br>CDBG CFDA #14.228 Imminent Threat |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs  | Type A: > \$ 300,000<br>Type B: all others                               |
| (d)(1)(ix)   | Low Risk Auditee?  | No   |

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

**FINDING NUMBER 1999-30413-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999  
(Continued)**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**FINDING NUMBER 1999-30413-001 (Continued)**

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

The Village uses Then and Now Certificates. However, during the audit we found 23% of disbursements tested to be lacking such certification, of which 16% were related to the 1097 Hazard Mitigation Grant Program.

Contrary to the above requirement, the availability of funds were not certified for all year-end commitments. Furthermore, the Village did not encumber funds throughout the year. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the Village obtain approved purchase orders, which contain the Treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Ohio Rev. Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor on or about January 1 the amount available for expenditures in each fund in the budget, with year-end balances. Due to not certifying all year end commitments, incorrect amounts were certified to the County Auditor for January 1, 2000.

**FINDING NUMBER 1999-30413-002**

**Noncompliance With Loan Covenants Related to the Sewer Fund**

Provisions within the Ohio Water Development Authority Loans, 1994 and 1997 state that "the Village at all times will charge rates for the services of the system. The revenues from the system should at least equal, after meeting such operation and maintenance expenses, the amount of principal and interest debt service requirements necessary in any succeeding year to meet interest and principal maturities of all loans secured solely by revenues of the System."

The Village did not comply with this covenant. For 1999, the Loan covenant required the Sewer System to have an operating income of \$270,403; however, the Sewer System had an operating income of \$120,894.

The possible effects of the Village's noncompliance with the loan covenants include acceleration of the payment of loan principal upon request of the Director. As of the date of the audit opinion, the Director had not requested acceleration of the payment of the principal.



**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|---|

**FINDING NUMBER 1999-30413-002 (Continued)**

We recommend that the Village assess their rates and increase if necessary to comply with the revenue requirement established in the debt covenant.

**FINDING NUMBER 1999-30413-003**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41 (B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. At year end, the U.S. 52 Turn Lane Project had budgetary expenditures in excess of appropriations by \$371,808.

**FINDING NUMBER 1999-30413-004**

**Reportable Condition**

The following instances were noted concerning the Mayor's Court:

- The Mayor's Court cashbook had not been reconciled for the period of May 1999 through December 1999. An independent public accounting firm was hired to reconcile the Mayor's Court 1999 books with the bank balance; however, the Mayor's Court has not reconciled since December 31, 1999. Furthermore, Council is not monitoring receipts and disbursements of the Mayor's Court. If reconciliations are not performed in a timely manner, errors could go undetected.
- There were outstanding checks over a year old on the Mayor's Court reconciliation and bank charges for non-sufficient fund checks and other miscellaneous charges are being carried on the Mayor's Court monthly reconciliation. Carrying bank and miscellaneous charges and old outstanding checks on the reconciliation can lead to cumbersome reconciliations and increase the likelihood of errors.
- The Mayor's Court Clerk is not the authorized signatory for the Mayor's Court bank account. The Village Treasurer and Village Clerk are the only authorized signatories for the Mayor's Court bank account. Checks cannot be written by the Mayor's Court Clerk without the Village Treasurer or Clerk's signatures.
- Mayor's Court receipts are not posted or deposited in a timely manner. A bench warrant was issued for a violator who sent a check dated March, 2000; however, the check had not been posted to the cashbook or deposited into the bank as of July 31, 2000. We also found three people who had already paid their fines but were issued bench warrants. Not depositing monies upon receipt could result in the misappropriation of monies or additional invalid bench warrants being issued.

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

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

**FINDING NUMBER 1999-30413-004 (Continued)**

- A former police officer, who left during March of 1999, did not return the ticket book issued to him. The police department has sent letters to him requesting the ticket book. We confirmed that all tickets within the missing ticket book had case numbers assigned to them, and were subsequently recorded in the docket. However, our test revealed three tickets not assigned a case number. Therefore, we could not determine whether the three tickets were issued or voided. Additionally, Ticket numbers have been used more than once over the years. Using the same ticket numbers more than once, may increase the likelihood of case information being posted to the wrong case file.

We recommend the following be implemented:

- Timely reconciliations be performed so that errors can be detected, and corrected in a timely manner. Receipts and disbursements should be submitted to Council for approval on a monthly basis.
- Outstanding checks over six months old should be deemed unclaimed money and paid into the Village. Bank charges were deducted from the amount paid into the Village. In the future, we recommend bank charges for non-sufficient fund checks be passed onto the individual.
- The Mayor's Court Clerk should also be an authorized signatory for the Mayor's Court bank account to facilitate the disbursement process.
- The Mayor's Court Clerk should deposit monies received and post the receipt to the cashbook in a timely manner. This will prevent possible future liability against the Village for expenses incurred by individuals arrested after they already paid their fine.
- There should be an accountability for all tickets. The Village should maintain a proper ticket log indicating a case number or void for each ticket in the ticket book. To avoid having numerous case numbers assigned for each ticket number, ticket numbers should only be used once. This will facilitate posting information to the correct case number. A record should be maintained for every ticket issued, as well as, those voided and unissued.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 1999-30413-005**

|                             |  |
|-----------------------------|--|
| CFDA Title and Number       | Hazard Mitigation Grants - 83.548          |
| Federal Award Number / Year | DR-1097-OH / 1996<br>DR-1164-OH / 1997     |
| Federal Agency              | Federal Emergency Management Agency (FEMA) |
| Pass-Through Agency         | Ohio Emergency Management Agency (OEMA)    |

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 1999-30413-005 (Continued)**

**Noncompliance Citation**

44 C.F.R. Section 13, allows for funds to be advanced as long as the jurisdiction practices sound accounting principles. The jurisdiction must submit a written request for grant and / or administrative funds. The request must detail what the funds will be used for. Also, Auditor of State Bulletin 99-005, dated March 24, 1999, states that program money must be expended within a reasonable time from receipt, generally within thirty days. If the funds are not expended, the jurisdiction may lose their right to receive advances, and will revert to the reimbursement program.

Federal monies received for both the 1164 and 1097 hazard mitigation grant programs were not expended within thirty days. Requests for advances were determined based on participating properties, per the agreement, for acquisition. We recommend the Village monitor the projects and request the advance closer to the closing date.

**FINDING NUMBER 1999-30413-006**

|                             |   |
|-----------------------------|---|
| CFDA Title and Number       | 1) Hazard Mitigation Grants - 83.548<br>2) Community Development Block Grant Small Cities Imminent Threat Program - 14.228<br>3) Community Development Block Grant Small Cities Appalachian Regional Commission Grant Program- 14.228 |
| Federal Award Number / Year | 1) DR-1097-OH / 1996<br>DR-1164-OH / 1997<br>2) C-I-97-276-1<br>3) C-P-97-276-1   |
| Federal Agency              | 1) Federal Emergency Management Agency (FEMA)<br>2) U.S. Department of Housing and Urban Development (HUD)<br>3) U.S. Department of Housing and Urban Development (HUD)   |
| Pass-Through Agency         | 1) Ohio Emergency Management Agency (OEMA)<br>2) Ohio Department of Development (ODD)<br>3) Ohio Department of Development (ODD)  |

**Reportable Condition**

The Village signed a grant agreement which stated that they understood the State-Local Disaster Assistance and Audit Requirements/Compliance Standards Agreement, and agreed to comply, as an applicant of these funds, with all requirements described therein during the administration of the grant program. These requirements required that the Subgrantee shall establish and maintain a proper accounting system to record expenditures of disaster assistance. These requirements also state that the Subgrantee shall comply with any and all other federal and state requirements which apply in the implementation of these grant programs.

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 1999**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 1999-30413-006 (Continued)**

The Village did not establish the following funds: 1) A Capital Project Funds to account for grant monies received from the Ohio Emergency Management Agency (OEMA) as part of the Hazard Mitigation Grant Program approved by OEMA following the January 1996 and March 1997 flood events; 2) A Capital Projects Fund to account for grant monies received from the Ohio Department of Development (ODD) as part of the Small Cities Community Development Block Grant (CDBG) Imminent Threat Grant Program approved by ODD following the March 1997 flood; and 3) A Special Revenue Fund to account for grant monies received from the Ohio Department of Development (ODD) as part of the Small Cities Community Development Block Grant (CDBG) Appalachian Regional Commission Grant Program approved by ODD following the March 1997 flood.

The Village recorded these grant receipts and disbursements through a separate bank account which was not included in the Village cash journal. We recommend the Village establish separate funds to account for grant receipts and disbursements. The Village should record all grant activity within these funds. These procedures would allow Village officials to monitor federal activity, enable them to determine when a single audit is required, and facilitate in the preparation of the Schedule of Federal Awards Expenditures. These funds were established and reported on the Village's financial statements.

**FINDING NUMBER 1999-30413-007**

|                             |   |
|-----------------------------|---|
| CFDA Title and Number       | Community Development Block Grant Small Cities Imminent Threat Program - 14.228 |
| Federal Award Number / Year | C-I-97-276-1  |
| Federal Agency              | U.S. Department of Housing and Urban Development (HUD)                          |
| Pass-Through Agency         | Ohio Department of Development (ODD)  |

**Noncompliance Citation**

According to the State of Ohio, Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(f), the grantee must develop a cash management system to ensure compliance with the fifteen Day Rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds. The Village exceeded the \$5,000 limit throughout the entire grant period. We recommend the Village monitor grant funds and limit draw downs to amounts that will enable the village to disburse funds within fifteen days.

**FINDING NUMBER 1999-30413-008**

|                             |  |
|-----------------------------|--|
| CFDA Title and Number       | Hazard Mitigation Grants - 83.548          |
| Federal Award Number / Year | DR-1097-OH / 1996<br>DR-1164-OH / 1997     |
| Federal Agency              | Federal Emergency Management Agency (FEMA) |
| Pass-Through Agency         | Ohio Emergency Management Agency (OEMA)    |

VILLAGE OF NEW RICHMOND  
SCHEDULE OF FINDINGS  
*OMB CIRCULAR A -133 § .505*  
DECEMBER 31, 1999

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**FINDING NUMBER 1999-30413-008 (Continued)**

**Reportable Condition**

The State of Ohio HMPG/FMA Program Guidance Handbook states the Village is responsible for submitting Quarterly Progress Reports (QPR) by the 15<sup>th</sup> of the month following the end of the quarter. The quarterly reports are the basis for scheduling monitoring visits to review the administration of the project. The monitoring visits will help assure the jurisdiction is complying with all necessary regulations and procedures.

Quarterly reports were submitted during 1999; however, the 1097 Mitigation and Imminent Threat program reports incorrectly reported revenues rather than expenditures. These inaccurate figures report either an over or understatement of federal expenditures in a particular year. Failure to properly report federal expenditures could result in questioned costs, repayment of funds expended, or loss of future federal monies. We recommend the Village contact the State to resolve this issue.

**VILLAGE OF NEW RICHMOND  
SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 1999**

| <u>Finding Number</u> | <u>Finding Summary</u>  | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>                                   |
|-----------------------|---|-------------------------|---|
| 1998-30413-011        | Separate fund to account for grant receipts and disbursements.  | Yes                     | Established a separate fund on the 1999 financial statements and Village records.   |
| 1998-30413-012        | Approval of invoices for allowability.  | Yes                     | Only one expenditure was made in 1999, this disbursement was properly approved.   |
| 1998-30413-013        | Separate fund to account for grant receipts and disbursements.<br><br>Submit monthly reports to Council for approval. | Yes                     | Established a separate fund on the 1999 financial statements and Village records.<br><br>Monthly reports of receipts and expenditures were given to Council for approval. |



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
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**VILLAGE OF NEW RICHMOND**

**CLERMONT 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  
NOVEMBER 14, 2000**