



**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**SINGLE AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

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STATE OF OHIO  
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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 years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to 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, 2001 and 2000, 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 19, 2002 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 federal awards expenditures for the year ended December 31, 2000 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 the finance committee, the management, the Village Council, Federal Award Agencies, Pass-through Entities 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", written in a cursive style.

**Jim Petro**  
Auditor of State

September 19, 2002

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$263,525	\$606,535			\$870,060
Intergovernmental Receipts	234,763	111,401	93,748		439,912
Charges for Services		92,310			92,310
Fines, Licenses, and Permits	104,573	11,390			115,963
Earnings on Investments	36,362	16,818			53,180
Miscellaneous	39,041	52,311	279		91,631
<b>Total Cash Receipts</b>	<b>678,264</b>	<b>890,765</b>	<b>94,027</b>	<b>0</b>	<b>1,663,056</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	26,351	688,566			714,917
Public Health Services	11,069	23,486			34,555
Leisure Time Activities	26,818				26,818
Community Environment	14,779		25,313		40,092
Transportation	75,448	123,597			199,045
General Government	349,069		20,967		370,036
Debt Service:					
Principal Payments	11,078	2,591	27,614		41,283
Interest Payments	2,736	523	13,188		16,447
Capital Outlay	157,720	34,149	618,343		810,212
<b>Total Cash Disbursements</b>	<b>675,068</b>	<b>872,912</b>	<b>705,425</b>	<b>0</b>	<b>2,253,405</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>3,196</b>	<b>17,853</b>	<b>(611,398)</b>	<b>0</b>	<b>(590,349)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds of Notes	49,076		384,766		433,842
Transfers-In		65,700	50,801		116,501
Advances-In	7,000	25,000			32,000
Other Financing Sources	30	4,851			4,881
Transfers-Out	(75,700)	(40,801)			(116,501)
Advances-Out	(25,000)	(7,000)			(32,000)
Other Financing Uses	(1,328)				(1,328)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(45,922)</b>	<b>47,750</b>	<b>435,567</b>	<b>0</b>	<b>437,395</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(42,726)	65,603	(175,831)	0	(152,954)
Fund Cash Balances, January 1	340,272	258,566	486,793	17,964	1,103,595
<b>Fund Cash Balances, December 31</b>	<b>\$297,546</b>	<b>\$324,169</b>	<b>\$310,962</b>	<b>\$17,964</b>	<b>\$950,641</b>
Reserves for Encumbrances, December 31	\$5,215	\$63,229	\$0	\$0	\$68,444

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

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$597,484	\$0	\$597,484
Miscellaneous	5,376		5,376
Total Operating Cash Receipts	<u>602,860</u>	<u>0</u>	<u>602,860</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	110,727		110,727
Fringe Benefits	38,226		38,226
Contractual Services	176,429		176,429
Supplies and Materials	128,446		128,446
Capital Outlay	284,136		284,136
Miscellaneous	2,463		2,463
Total Operating Cash Disbursements	<u>740,427</u>	<u>0</u>	<u>740,427</u>
Operating Income/(Loss)	<u>(137,567)</u>	<u>0</u>	<u>(137,567)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	209,632		209,632
Proceeds from Notes and Bonds	22,062		22,062
Other Non-Operating Receipts	9,976	125,418	135,394
Total Non-Operating Cash Receipts	<u>241,670</u>	<u>125,418</u>	<u>367,088</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service - Principal	196,598		196,598
Debt Service - Interest	76,033		76,033
Other Non-Operating Cash Disbursements	9,976	126,227	136,203
Total Non-Operating Cash Disbursements	<u>282,607</u>	<u>126,227</u>	<u>408,834</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(178,504)	(809)	(179,313)
Transfers-In	167,650		167,650
Transfers-Out	(167,650)		(167,650)
Net Receipts Over/(Under) Disbursements	(178,504)	(809)	(179,313)
Fund Cash Balances, January 1	<u>319,234</u>	<u>20,758</u>	<u>339,992</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$140,730</u></b>	<b><u>\$19,949</u></b>	<b><u>\$160,679</u></b>
Reserve for Encumbrances, December 31	<u>\$18,604</u>	<u>\$0</u>	<u>\$18,604</u>

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



**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$238,782	\$502,826	\$0	\$16,721	\$758,329
Intergovernmental Receipts	217,492	88,114	154,891	997	461,494
Charges for Services	7,116	90,040			97,156
Fines, Licenses, and Permits	111,491	2,107			113,598
Earnings on Investments	62,607	14,062			76,669
Miscellaneous	6,985	25,074	4,649		36,708
<b>Total Cash Receipts</b>	<b>644,473</b>	<b>722,223</b>	<b>159,540</b>	<b>17,718</b>	<b>1,543,954</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	25,241	636,678			661,919
Public Health Services	6,138	21,257			27,395
Leisure Time Activities	27,209				27,209
Community Environment	7,292		53,468		60,760
Transportation	93,669	71,676			165,345
General Government	357,485		44,836		402,321
Debt Service:					
Principal Payments	1,899	3,675	26,264		31,838
Interest Payments	440	925	14,537		15,902
Capital Outlay		10,028	460,050		470,078
<b>Total Cash Disbursements</b>	<b>519,373</b>	<b>744,239</b>	<b>599,155</b>	<b>0</b>	<b>1,862,767</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>125,100</b>	<b>(22,016)</b>	<b>(439,615)</b>	<b>17,718</b>	<b>(318,813)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In		100,360	299,601		399,961
Advances-In	42,000	18,325			60,325
Other Financing Sources	2,261				2,261
Transfers-Out	(359,160)	(40,801)			(399,961)
Advances-Out	(8,000)	(12,000)	(10,325)		(30,325)
Other Financing Uses	(10,138)		(23,924)		(34,062)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(333,037)</b>	<b>65,884</b>	<b>265,352</b>	<b>0</b>	<b>(1,801)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(207,937)</b>	<b>43,868</b>	<b>(174,263)</b>	<b>17,718</b>	<b>(320,614)</b>
<b>Fund Cash Balances, January 1</b>	<b>548,209</b>	<b>214,698</b>	<b>661,056</b>	<b>246</b>	<b>1,424,209</b>
<b>Fund Cash Balances, December 31</b>	<b>\$340,272</b>	<b>\$258,566</b>	<b>\$486,793</b>	<b>\$17,964</b>	<b>\$1,103,595</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$7,958</b>	<b>\$6,294</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,252</b>

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

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary fund type</u>	<u>Fiduciary fund type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$565,601	\$0	\$565,601
Miscellaneous		43	43
Total Operating Cash Receipts	<u>565,601</u>	<u>43</u>	<u>565,644</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	124,667		124,667
Contractual Services	177,647		177,647
Supplies and Materials	195,869		195,869
Capital Outlay	199,455		199,455
Total Operating Cash Disbursements	<u>697,638</u>	<u>0</u>	<u>697,638</u>
Operating Income/(Loss)	<u>(132,037)</u>	<u>43</u>	<u>(131,994)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	200,250		200,250
Other Non-Operating Receipts		98,829	98,829
Total Non-Operating Cash Receipts	<u>200,250</u>	<u>98,829</u>	<u>299,079</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service - Principal	70,521		70,521
Debt Service - Interest	28,144		28,144
Other Non-Operating Cash Disbursements		129,977	129,977
Total Non-Operating Cash Disbursements	<u>98,665</u>	<u>129,977</u>	<u>228,642</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(30,452)	(31,105)	(61,557)
Transfers-In	79,540		79,540
Transfers-Out	(79,540)		(79,540)
Advances-Out	(30,000)		(30,000)
Net Receipts Over/(Under) Disbursements	(60,452)	(31,105)	(91,557)
Fund Cash Balances, January 1	<u>379,686</u>	<u>51,863</u>	<u>431,549</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$319,234</u></b>	<b><u>\$20,758</u></b>	<b><u>\$339,992</u></b>
Reserve for Encumbrances, December 31	<u>\$4,486</u>	<u>\$0</u>	<u>\$4,486</u>

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

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**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, fire and emergency medical 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**

Village funds are deposited in a public funds checking account with a local commercial bank. Certificates of Deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash deposits 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.

Ambulance EMS Fund

This fund receives tax monies to fund the ambulance service for the Village.

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**3. Capital Projects 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 projects funds:

Disaster Recovery Fund

This fund receives grant monies for the acquisition of property in the flood plain.

Sycamore Street Fund

This fund receives Ohio Public Works Commission (OPWC) monies for street improvements.

**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.

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

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 fund:

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.

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**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 included on the financial statements.

A summary of 2001 and 2000 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. Accumulated Leave**

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

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. 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 at December 31 was as follows:

	2001	2000
Demand deposits	\$ 92,098	\$ 470,565
Certificates of deposit	<u>1,019,222</u>	<u>973,022</u>
Total deposits	<u>\$ 1,111,320</u>	<u>\$ 1,443,587</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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 2001 and 2000 follows:

Fund Type	<u>2001 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 623,950	\$ 734,370	\$ 110,420
Special Revenue	915,000	986,316	71,316
Capital Projects	85,801	529,594	443,793
Enterprise	643,000	1,012,180	369,180
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,267,751</u>	<u>\$ 3,262,460</u>	<u>\$ 994,709</u>

Fund Type	<u>2001 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 963,580	\$ 782,311	\$ 181,269
Special Revenue	1,120,651	983,942	136,709
Capital Projects	315,400	705,426	(390,026)
Enterprise	795,781	1,209,288	(413,507)
Fiduciary	<u>875</u>	<u>0</u>	<u>875</u>
Total	<u>\$ 3,196,287</u>	<u>\$ 3,680,967</u>	<u>\$ (484,680)</u>

Fund Type	<u>2000 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 597,000	\$ 688,734	\$ 91,734
Special Revenue	847,984	840,908	(7,076)
Capital Projects	806,901	459,141	(347,760)
Enterprise	1,042,406	845,391	(197,015)
Fiduciary	<u>0</u>	<u>17,761</u>	<u>17,761</u>
Total	<u>\$ 3,294,291</u>	<u>\$ 2,851,935</u>	<u>\$ 442,356</u>

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Fund Type	<u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,206,717	\$ 904,629	\$ 302,088
Special Revenue	956,326	803,334	152,992
Capital Projects	1,244,965	633,404	611,561
Enterprise	848,399	910,329	(61,930)
Fiduciary	<u>17,869</u>	<u>0</u>	<u>17,869</u>
Total	<u>\$ 4,274,276</u>	<u>\$ 3,251,696</u>	<u>\$ 1,022,580</u>

Contrary to Ohio law, appropriations exceeded estimated revenue in the Police Pension Fund by \$17,627 at December 31, 2000. Expenditures were not encumbered throughout the year, for all funds.

Contrary to Ohio law, budgetary expenditures plus encumbrances exceeded appropriations at fiscal year 2000 year-end in the following funds by:

<b>Fund</b>	<b>Variance</b>
Garbage	11,453
Water Inter. Improv.	147,580
Sewage Effluent Line	87,707

Contrary to Ohio law, budgetary expenditures plus encumbrances exceeded appropriations at fiscal year 2001 year-end in the following funds by:

<b>Fund</b>	<b>Variance</b>
Life Squad Improv.	106,459
Old 52 Turn Lane	6,062
Sycamore St. Drainage	140,589
Disaster Recovery	10,199
1164 Flood Mitigation	163,774
Water	31,792
Sewer	107,562
Old 52 Water Line	210,044
Sewer Line Bethel/NR	12,444
Sewer Debt	86,233

**4. 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.

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Lease Purchase – Police Radios	\$ 2,596	7%
Lease Purchase - Backhoe	16,913	6%
Bank Note – Fire Truck	236,071	5%
Ohio Water Development Authority Loan – 1971	3,730	6%
Ohio Water Development Authority Loan – 1994	2,130,281	2.2%
Bank Loan – Salt Truck	40,218	5%
Vehicle Acquisition Bond Anticipation Note – 2001	120,000	4%
OPWC Loan – 2000	75,491	0%
OWDA/VCIP Loan – 2001	22,062	0%
Total	<u>\$ 2,647,362</u>	

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.

The salt truck loan was entered into on February 17, 2001 requiring payments of \$926 for a period of five years. The final payment is due on January 17, 2006.

The vehicle acquisition bond anticipation notes were entered into on March 1, 2001. This note matures on March 1, 2002 at which time principal of \$120,000 and all interest is due.



**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

The Ohio Pubic Works Commission (OPWC) 2000 loan relates to the street drainage, street improvement and water interconnection projects. The loan will be repaid in semi-annual payments of \$2,516 on January 1 and July 1 of each year for 16 years. The final payment is due on January 1, 2017.

The Ohio Pubic Works Commission (OPWC) 2001 loan relates to a street widening project. The project was not completed and full disbursement was not made by December 31, 2001, therefore, the loan amount was undeterminable at year-end. The first payment due hereunder shall be made on the next January 1 or July 1 following the Interest Accrual Date, whichever date first occurs, which date shall be referred to herein as the "Initial Payment Date." The "Interest Accrual Date" shall be the first day of the next month following the earlier of (1) the full disbursement of OPWC funds under this project agreement or (2) the actual construction completion date of the Project.

The Ohio Water Development Authority's Village Capital Improvement Fund (VCIP) 2001 loan was for the purpose of engineering expenses related to the construction of a wastewater collection line extension. The loan will be repaid in annual payments of \$2,206 on July 1 of each year for 10 years. The final payment is due on July 12, 2012.

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

Year ending December 31:	OWDA Loan - 1994	OWDA Loan -1971	Fire Truck Note	Radio Lease	Backhoe Lease
2002	\$ 86,196	\$ 3,938	\$ 40,801	\$ 2,135	\$ 9,193
2003	172,393	0	40,801	582	9,193
2004	172,393	0	40,801	0	0
2005	172,393	0	40,801	0	0
2006	172,393	0	40,801	0	0
Subsequent	<u>1,723,925</u>	<u>0</u>	<u>81,510</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 2,499,693</u>	<u>\$ 3,938</u>	<u>\$ 285,515</u>	<u>\$ 2,717</u>	<u>\$ 18,386</u>

Year ending December 31:	Salt Truck Loan	Vehicle Acq. Bond Ant. Note	OPWC Loan - 2000	OWDA/VCIP Loan - 2001
2002	\$ 11,113	\$ 125,196	\$ 2,516	\$ 0
2003	11,113	0	5,033	2,206
2004	11,113	0	5,033	2,206
2005	11,113	0	5,033	2,206
2006	926	0	5,033	2,206
Subsequent	<u>0</u>	<u>0</u>	<u>52,843</u>	<u>13,238</u>
Total	<u>\$ 45,378</u>	<u>\$ 125,196</u>	<u>\$ 75,491</u>	<u>\$ 22,062</u>

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

**Noncompliance with Loan Covenant**

Provisions within the Ohio Water Development Authority Loans, 1994 and 1971 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 2000, the Loan covenant required the Sewer System to have an operating income of \$180,269; however, the Sewer System had an operating income of \$147,556. For 2001, the Loan covenant required the Sewer System to have an operating income of \$180,269; however, the Sewer System had an operating income of \$134,535.

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. The Village did however increase sewer rates by 30% over two years effective on August 2001 usage.

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Government belongs to the Ohio Municipal League Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$250 per occurrence, limited to a loss of \$5,420,789 of total coverage.

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31 (the latest information available):

	2000	1999
Assets	\$2,958,827	\$4,151,450
Liabilities	3,863,373	3,461,914
Retained (deficit) earnings	(\$904,546)	\$689,536

**8. 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, 2001, the CIC had no Governing Board. The CIC still owes the Village of New Richmond \$22,500 to repay a loan made by the Village to the CIC which was used to purchase land.

**9. NON-COMPLIANCE**

Negative fund balances occurred at December 31, 2000 and 2001 in the following funds:

<b>Fund</b>	<b>Fund Balance at December 31, 2000</b>
State Highway	\$ (6,873)
Fire Levy	(610)
Sewer	(26,530)
Garbage	(15,787)
Clermont/NR Water Interconnection	(16,480)
Sewer Effluent Replacement	(18,557)

<b>Fund</b>	<b>Fund Balance at December 31, 2001</b>
Police Levy	\$ (2,138)
EMS Capital	(13,793)
Sewer	(13,447)
Garbage	(12,710)
Clermont/NR Water Interconnection	(16,480)
Sewer Effluent Replacement	(18,557)
Old 52 Water Line	(412)

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**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant Imminent Threat	C-I-97-276-1	14.228	\$ 6,161
<i>Passed Through Clermont County:</i>			
Disaster Recovery Initiative Grant	B-98-DU	XX.XXX	33,697
Total U.S. Department of Housing and Urban Development			<b>39,858</b>
<b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
<i>Passed Through Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant	DR-1097-OH	83.548	204,095
Hazard Mitigation Grant	DR-1164-OH	83.548	190,631
Total U.S. Federal Emergency Management Agency			<b>394,726</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct from Federal Government:</i>			
Public Safety Partnership and Community Policing Grants	95-CF-WX-3638	16.710	1,200
Total U.S. Department of Justice			<b>1,200</b>
<b>Total</b>			<b>\$ 435,784</b>

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

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**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.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 years ended December 31, 2000 and 2001, and have issued our report thereon dated September 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 are described in the accompanying schedule of findings as items 2001-30413-003 through 2001-30413-006 and 2001-30413-009. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 19, 2002.

**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 certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30413-001, 2001-30413-002, 2001-30413-007, 2001-30413-008 and 2001-30413-010.

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. However, of the reportable conditions described above, we consider items 2001-30413-001 and 2001-30413-007 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 19, 2002.

This report is intended solely for the information and use of the finance committee, the management, the Village Council, 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 19, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT 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, 2000. 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, 2000. 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 2000-30413-011 through 2000-30413-014.

**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 judgment, 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 2000-30413-012 and 2000-30413-013.

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 weakness.

This report is intended for the information and use of the finance committee, the management, the 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.



**Jim Petro**  
Auditor of State

September 19, 2002

**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000**

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

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

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

**FINDING NUMBER 2001-30413-001**

**Material Weakness**

The Village did not prepare cash reconciliations for fiscal year 2001 for all accounts. By performing the monthly proof of cash for fiscal year 2001, we found the following:

- Many receipts were not posted to the books, including permit, sewer, water, garbage, utility deposit and cemetery receipts. Instances were noted in which receipts were not posted in a timely manner, and receipts were double posted.
- Donations were not recorded properly on the books.
- The Village did not record the interest earned on the checking and savings accounts as well as the CD's when earned during fiscal year 2000 and 2001. The Village booked 1999 and 2000 interest in 2001. The Village did not post \$45,990 of interest earned in 2001.
- The Village did not maintain accurate outstanding check listings and did not maintain a list of deposits in transit.
- The payroll expenditures were not posted in a timely manner. There was a double wire transfer of \$25,949 of funds to the payroll account from the general bank account. There was also \$2,816 posted to the books for payroll but funds were not transferred to the payroll account from the general bank account.
- A debt payment in the amount of \$86,196 was not posted. Also, OPWC monies in the amount of \$145,546 were not posted.
- Two instances were noted in which employees used the Village's deposit slips to deposit their own monies into their personal accounts. This was done by the employee scratching out the Village's account number and writing in their personal account number. In turn, the monies were deposited in the Village's account.
- Non-sufficient funds checks and related charges and outstanding checks older than six months were included on the Village's December 2000 and 2001 bank reconciliation. Also, the Village did not properly post non-sufficient funds (NSF) checks and related charges. The Village did not post the NSF checks as a negative receipt (to eliminate the original receipt) and did not post the related charges as expenditures.

The above errors went undetected since the Village did not perform a monthly bank reconciliation.

Furthermore, the Village did not properly reconcile in 2000. Adjustments were posted to the books for reconciling items from prior years, 1998 and 1999. All of which had no supporting documentation.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify that all recorded transactions have been deposited with the financial institution. We recommend the Village reconcile their accounts on a monthly basis, and if the Village needs assistance in this area, the Village should consider hiring someone to assist them. Any variances should be immediately investigated and justified. We also recommend this monthly reconciliation be reviewed for any discrepancies and approved by Council when the review is completed. This can help to hinder any misappropriations of funds and detect any errors which may have occurred on the books or by the bank. Also, by having someone other than the Clerk/Treasurer review the bank reconciliations, errors can be detected and corrected in a timely manner.

**FINDING NUMBER 2001-30413-001  
 (Continued)**

Per Management Advisory Services (MAS) Bulletin 1991-11, outstanding checks should be removed from reconciliations and should be added back into the book balance in an Unclaimed Monies Fund for a period of five years. If after five years these monies are not claimed, the Village should pay these monies into the General Fund.

**FINDING NUMBER 2001-30413-002**

**Reportable Condition**

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or expectations (including significant compliance exceptions), investigate underlying causes and take corrective action. We noted areas for which monitoring controls performed by management should be established. There was no documented review and approval of:

- Monthly bank reconciliations;
- Monthly financial reports;
- Monthly fund balances; and
- Budget-to-actual statements.

If no review or approval of the monthly reconciliations or reports is performed, incorrect amounts may not be detected and could result in a negative fund balance. By having a system in place for review and approval, errors and discrepancies can be noted and corrected in a timely manner.

An effective monitoring control system should be implemented to assist management in detecting material misstatements in financial information. This would include the Council reviewing and approving monthly financial reports, bank reconciliations, fund balances, and budget-to-actual data. Reviewing monthly reports allows Council to evaluate the budget and the efficiency of the departments. These reviews and approvals should be noted in the minutes of Council.

**FINDING NUMBER 2001-30413-003**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.10, states money that is paid into a fund must be used only for the purpose for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. We recommend that the Village reconcile, monitor fund balances, and take corrective action.

<b>Fund</b>	<b>Fund Balance at December 31, 2000</b>
State Highway	\$ (6,873)
Fire Levy	(610)
Sewer	(26,530)
Garbage	(15,787)
Clermont/NR Water Interconnection	(16,480)
Sewer Effluent Replacement	(18,557)

**FINDING NUMBER 2001-30413-003  
 (Continued)**

<b>Fund</b>	<b>Fund Balance at December 31, 2001</b>
Police Levy	\$ (2,138)
EMS Capital	(13,793)
Sewer	(13,447)
Garbage	(12,710)
Clermont/NR Water Interconnection	(16,480)
Sewer Effluent Replacement	(18,557)
Old 52 Water Line	(412)

**FINDING NUMBER 2001-30413-004**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total estimated revenue. Appropriations exceeded estimated revenue in the Police Pension Fund by \$17,627 at December 31, 2000. We recommend that the Village monitor budgetary activity and take corrective action.

**FINDING NUMBER 2001-30413-005**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41 (B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations at fiscal year 2000 year-end in the following funds:

<b>Fund</b>	<b>Expenditures</b>	<b>Appropriations</b>	<b>Variance</b>
Garbage	124,854	113,301	11,453
Water Inter. Improv.	147,580	0	147,580
Sewage Effluent Line	87,707	0	87,707

Expenditures plus encumbrances exceeded appropriations at fiscal year 2001 year-end in the following funds:

<b>Fund</b>	<b>Expenditures</b>	<b>Appropriations</b>	<b>Variance</b>
Life Squad Improv.	156,459	50,000	106,459
Old 52 Turn Lane	193,602	187,540	6,062
Sycamore St. Drainage	140,589	0	140,589
Disaster Recovery	10,199	0	10,199
1164 Flood Mitigation	163,774	0	163,774
Water	258,732	226,940	31,792
Sewer	276,708	169,146	107,562
Old 52 Water Line	210,044	0	210,044
Sewer Line Bethel/NR	12,444	0	12,444
Sewer Debt	258,626	172,393	86,233

We recommend that the Village monitor budgetary activity and take corrective action.

**FINDING NUMBER 2001-30413-006**

**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.

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

- A. 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.
- B. 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 90% of disbursements tested to be lacking such certification, of which all were related to the 1097 and 1164 Hazard Mitigation Grant Programs. The Then and Now Certificates used did not contain the correct verbiage or were over \$1,000 and did not have the proper approval, therefore, resulted in the above error rate.

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. Furthermore, we recommend that the Village use the correct verbiage on the Then and Now Certificates and obtain the proper approval for expenditures over \$1,000.

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, 2001 and 2002.

**FINDING NUMBER 2001-30413-007**

**Material Weakness**

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

- The clerk doesn't perform a complete and accurate monthly reconciliation. The reconciliation currently done by the clerk does not include outstanding checks or deposits in transit, both of which were applicable in the majority of months within the audit period.
- The Clerk does not provide the Village with a list of the names of the payees included in the unclaimed funds and does not maintain an accurate unclaimed funds listing. Three checks from 1999 were not included in the unclaimed funds check to the Village dated in March of 2000. This amount from 1999 still unclaimed is \$4, in addition to, the \$16 unclaimed in 2001.
- Bank charges (ie NSF), bank fees, and undeposited items were not being deducted from the amount owed to the Village.
- Duplicate receipts were not always posted to the cashbook nor always deposited in numerical order. After tracing all duplicate receipts for the audit period to the cashbook and the bank, it was noted that not all receipts were recorded in the cashbook, applied and paid to the applicable agency. Furthermore, we noted that \$92 was not deposited in the bank; however, these receipts were posted to the cashbook, applied and paid out to the applicable agency. This amount was paid into the Mayor's Court Account in 2002.
- The Village was not properly allocating Mayor's Court receipts into the proper line items. These were adjusted on the financial statements.
- The outstanding distributions owed to the Village and State from 1999 were miscalculated due to errors discovered in the open items balance. This caused an increase in the amount owed to the Village and the State as of 12/31/99.
- The police officers are not using ticket books sequentially on a consistent basis. The current method for ticket distribution entails the officer merely grabbing a book out of a box. As discovered during the testing of ticket books, one book (at the beginning of the sequence) was left completely unused. Once found the clerk was told to get the book in use. It was also noted that four books in the sequence were issued during 1997 and 1998. The officers are allowed to come in and get any book regardless of what the previous book used was. Indexes in the back of the ticket books are not complete, leaving blank spaces with no explanation or voided ticket.
- The Mayor did not always charge to perform marriages.
- The Mayor's Court Clerk has the capability to go back and change information in the system after a month has been closed and the cashbook has been printed off. This could lead to inaccurate cashbook documentation.

We recommend that the following be implemented:

- Timely reconciliations should be performed so that errors can be detected, and corrected in a timely manner. This will allow for unrecorded receipts to be detected, recorded and paid to the applicable agency. Furthermore, a report of receipts and disbursements should be submitted to Council for approval on a monthly basis.
- A complete unclaimed funds listing needs to be maintained by the Mayor's Court Clerk and given to the Village Clerk when unclaimed funds are paid into the Village.



**FINDING NUMBER 2001-30413-007**  
**(Continued)**

- The correct amounts should be paid to the Village. Therefore, we recommend that bank charges, fees, and undeposited items be deducted from the amount owed to the Village. Not deducting these amounts allows the bank balance to go negative.
- The clerk should reconcile the daily duplicate receipts to the daily deposit slip. This will detect any receipts that are not being deposited and provide documentation of when the receipt was deposited.
- The Clerk should provide the Village's Clerk/Treasurer with a monthly detailed breakdown for the allocation of receipts and reconcile these payments to the Village's ledgers.
- A current open items list should be maintained.
- There should be 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. Ticket books should be used in sequential order to aid in verifying accountability of all tickets used. A record should be maintained for every ticket issued, as well as, those voided and unissued.
- Marriage fees should be charged by the mayor for all marriages in which he performs. These charges should be paid into the Village and a check written by the Village to reimburse the Mayor.
- The Village should contact the software company to eliminate the clerk's ability to change system information after the month has been closed out. We recommend the Mayor's Court Clerk never post anything to the system in a previous month after a month has been closed and the cashbook has been printed off.

**FINDING NUMBER 2001-30413-008**

**Reportable Condition**

The Village of New Richmond has delegated ambulance billing processing and collecting, which is a significant accounting function, to a third-party administrator. The Village has not established procedures to reasonably determine that the billing service organization has sufficient controls in place and operating effectively to reduce the risk that ambulance billings have not been completely and accurately processed and collected in accordance with the ambulance billing contract. Furthermore, the Village has not established internal control procedures to reasonably determine that ambulance billings have been completely and accurately processed and collected in accordance with the ambulance billing contract.

We recommend that the Village of New Richmond implement procedures to reasonably assure the completeness, and accuracy of ambulance billing and collecting processed by their third-party administrator. Statement on Auditing Standards No. 70 (SAS 70) as amended by SAS No. 88, prescribes standards for reporting on the processing of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the Village with an appropriate level of assurance that the ambulance bills are being processed in conformance with the contract. However, it may be possible for the Village to obtain an appropriate level of assurance by other means.

**FINDING NUMBER 2001-30413-008  
(Continued)**

We recommend the Village specify in their contract with their third-party administrator that an annual Tier II SAS 70 audit report be performed. The Village should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a Tier II SAS 70 report, we recommend you only contract with a third-party administrator that will provide such a report. Furthermore, we recommend the Village reconcile the input (run reports) to the output (list of patients and corresponding check from the billing service organization). Documentation of this procedure will ensure that the Village is receiving and properly posting the correct amount.

**FINDING NUMBER 2001-30413-009**

**Noncompliance Citation**

Ohio Water Development Authority Loan Water Pollution Control Loan Fund Agreement 1971 and 1994 Article IV, Section 4.3(a), states 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 2000, the Loan covenant required the Sewer System to have an operating income of \$180,269; however, the Sewer System had an operating income of \$147,556. For 2001, the Loan covenant required the Sewer System to have an operating income of \$180,269; however, the Sewer System had an operating income of \$134,535. 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. The Village did however increase sewer rates by 30% over two years effective on August 2001 usage.

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 2001-30413-010**

**Reportable Condition**

Without proper authorization of Council, Donna Hammons, Clerk, advanced herself two compensation payments in the total amount of \$877. During our review of the payroll account, we noted \$423 of the unauthorized advance was not paid back to the Village. When we notified Ms. Hammons on August 29, 2002, she repaid the Village \$423.

We recommend that Council approve all advances of compensation. If Council plans to pay employees in advance in the future, Council should implement a policy to address advance payments of employee compensation.

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

**FINDING NUMBER 2000-30413-011**

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

**Noncompliance Citation**

44 C.F.R. Section 13.21, 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 the 1164 hazard mitigation grant program were not expended within thirty days. Significant cash fund balances were carried throughout the year. 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 2000-30413-012**

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

**Noncompliance/ Reportable Condition**

State-Local Disaster Assistance Agreement, Section 7, states 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. 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.

**FINDING NUMBER 2000-30413-012  
 (Continued)**

The Village did not establish the following funds: 1) A Capital Projects Fund 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. 3) A Capital Projects Fund to account for grant monies received from the U.S. Department of Housing and Urban Development as part of the Disaster Recovery Initiative Grant approved by Housing and Urban Development (HUD) 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 2000-30413-013**

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

**Noncompliance/Reportable Condition**

The State of Ohio HMGP/FMA Program Guidance Handbook, Program Eligibility Section V, 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 will be 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 2000; however, incorrect amounts were reported on the quarterly reports. 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.

**FINDING NUMBER 2000-30413-014**

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

**FINDING NUMBER 2000-30413-014**  
**(Continued)**

**Noncompliance**

OMB Circular A-133 § 200(a), states that Non-Federal entities that expend \$300,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year. Furthermore, OMB Circular A-133 § 300(e) when read in conjunction with § 320(a) requires recipients of federal grants to ensure that required audits are performed and submitted within nine (9) months after the end of the audit period. For the year ended December 31, 2000, the Village expended \$435,784 of federal funds. However, the Village did not obtain an audit of its Federal program and submit the audit report by the deadline.

We recommend the Village Clerk review federal program expenditures each year and take action to ensure that a single or program specific audit is performed and submitted within nine months after the end of the audit period.

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**VILLAGE OF NEW RICHMOND  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30413-001	Revised Code 5705.41(D). Failure to certify funds.	No	Not Corrected. Reported as a Material Noncompliance Condition for Fiscal Year 2001 - Finding Number 2001-30413-006.
1999-30413-002	Noncompliance with Debt Covenant	No	Not Corrected. Reported as a Material Noncompliance Condition for Fiscal Year 2001 - Finding Number 2001-30413-009.
1999-30413-003	Revised Code 5705.41(B). Exp. > Appr.	No	Not Corrected. Reported as a Material Noncompliance Condition for Fiscal Year 2000 - Finding Number 2001-30413-005.
1999-30413-004	Mayor's Court Not reconciling.	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 and 2001 – Finding Number 2001-30413-007
1999-30413-005	Program income not expended within 30 days.	No	Not Corrected. Reported as a Material Noncompliance Condition for Fiscal Year 2000 - Finding Number 2001-30413-011.
1999-30413-006	Did not establish mitigation funds.	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 – Finding Number 2001-30413-012.
1999-30413-007	Not disbursing funds within 15 days.	Yes	No draw down of funds during fiscal year 2000.
1999-30413-008	Incorrect amounts reported on Qtrly reports	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 – Finding Number 2001-30413-013.
Management Letter	Not reconciling Village's Books.	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 and 2001 – Finding Number 2001-30413-001.
Management Letter	ORC Section 5705.10, negative fund balances	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 and 2001 – Finding Number 2001-30413-003.
Management Letter	ORC Section 5705.39, appropriations exceeding estimated rev.	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 and 2001 – Finding Number 2001-30413-004.
Management Letter	No internal controls over EMS billing.	No	Not Corrected. Reported as a Material Reportable Condition for fiscal year 2000 and 2001 – Finding Number 2001-30413-008.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
OCTOBER 10, 2002**