



**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

VILLAGE OF RIVERLEA
FRANKLIN COUNTY

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Mary Taylor, CPA

Auditor of State

COVER LETTER

Village of Riverlea
Franklin County
120 West Riverglen Drive
Worthington, Ohio 43085

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 8, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Riverlea
Franklin County
120 West Riverglen Drive
Worthington, Ohio 43085

To the Village Council:

We have audited the accompanying financial statements of the Village of Riverlea, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Riverlea, Franklin County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 8, 2008

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$113,589	\$0	\$113,589
Intergovernmental	97,969	20,546	118,515
Fines, Licenses and Permits	4,156	0	4,156
Earnings on Investments	30,872	3,979	34,851
	<u>246,586</u>	<u>24,525</u>	<u>271,111</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	60,353	0	60,353
Public Health Services	4,125	0	4,125
Leisure Time Activities	5,955	0	5,955
Community Environment	2,120	0	2,120
Basic Utility Service	34,785	0	34,785
Transportation	1,800	32,316	34,116
General Government	48,443	0	48,443
	<u>157,581</u>	<u>32,316</u>	<u>189,897</u>
Total Receipts Over/(Under) Disbursements	<u>89,005</u>	<u>(7,791)</u>	<u>81,214</u>
Other Financing Receipts / (Disbursements):			
Other Financing Sources	2,000	0	2,000
Other Financing Uses	(6,000)	0	(6,000)
	<u>(4,000)</u>	<u>0</u>	<u>(4,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	85,005	(7,791)	77,214
Fund Cash Balances, January 1	<u>560,444</u>	<u>71,678</u>	<u>632,122</u>
Fund Cash Balances, December 31	<u>\$645,449</u>	<u>\$63,887</u>	<u>\$709,336</u>
Reserve for Encumbrances, December 31	<u>\$4,000</u>	<u>\$0</u>	<u>\$4,000</u>

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$114,115	\$0	\$114,115
Intergovernmental	55,725	18,489	74,214
Fines, Licenses and Permits	14,329	0	14,329
Earnings on Investments	23,549	2,757	26,306
	<u>207,718</u>	<u>21,246</u>	<u>228,964</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	60,479	0	60,479
Public Health Services	4,497	0	4,497
Leisure Time Activities	6,965	0	6,965
Community Environment	2,147	0	2,147
Basic Utility Service	40,259	0	40,259
Transportation	2,460	6,908	9,368
General Government	47,291	0	47,291
	<u>164,098</u>	<u>6,908</u>	<u>171,006</u>
Total Cash Disbursements			
	<u>164,098</u>	<u>6,908</u>	<u>171,006</u>
Total Receipts Over Disbursements	<u>43,620</u>	<u>14,338</u>	<u>57,958</u>
Other Financing Receipts / (Disbursements):			
Other Financing Sources	1,473	0	1,473
Other Financing Uses	(5,453)	0	(5,453)
	<u>(3,980)</u>	<u>0</u>	<u>(3,980)</u>
Total Other Financing Receipts / (Disbursements)			
	<u>(3,980)</u>	<u>0</u>	<u>(3,980)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	39,640	14,338	53,978
Fund Cash Balances, January 1	<u>520,804</u>	<u>57,340</u>	<u>578,144</u>
Fund Cash Balances, December 31	<u><u>\$560,444</u></u>	<u><u>\$71,678</u></u>	<u><u>\$632,122</u></u>
Reserve for Encumbrances, December 31	<u><u>\$8,000</u></u>	<u><u>\$0</u></u>	<u><u>\$8,000</u></u>

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Riverlea, Franklin County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services. The Village contracts with the City of Worthington to provide security of persons and property and fire protection.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash and Investments

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

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Equity in Pooled Cash and Investments (Continued)

	2007	2006
Demand deposits	\$13,895	\$27,289
Certificates of deposit	122,000	125,000
Total deposits	135,895	152,289
U.S. Treasury Notes	197,043	196,279
STAR Ohio	376,398	283,554
Total investments	573,441	479,833
Total deposits and investments	\$709,336	\$632,122

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

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

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,911	\$248,586	\$68,675
Special Revenue	14,050	24,525	10,475
Total	\$193,961	\$273,111	\$79,150

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$526,269	\$167,581	\$358,688
Special Revenue	81,000	32,316	48,684
Total	\$607,269	\$199,897	\$407,372

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,722	\$209,191	\$42,469
Special Revenue	9,050	21,246	12,196
Total	\$175,772	\$230,437	\$54,665

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$215,669	\$177,551	\$38,118
Special Revenue	54,500	6,908	47,592
Total	\$270,169	\$184,459	\$85,710

4. Property Tax

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

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.

5. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

6. Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements, and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

VILLAGE OF RIVERLEA
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)

6. Risk Pool Membership (Continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2006 and 2005 (The most recent information available).

	<u>2006</u>	<u>2005</u>
Cash and investments	\$2,331,284	\$2,241,661
Actuarial liabilities	(\$3,130,475)	(\$3,457,720)
Accumulated deficit	(\$799,191)	(\$1,216,059)

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Riverlea
Franklin County
120 West Riverglen Drive
Worthington, Ohio 43085

To the Village Council:

We have audited the financial statements of the Village of Riverlea, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 8, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

Internal Control over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated February 8, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated February 8, 2008.

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



Mary Taylor, CPA
Auditor of State

February 8, 2008

**VILLAGE OF RIVERLEA
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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Financial Reporting - Significant Deficiency

The Village Clerk/Treasurer has been in his position for several years and has prepared his own financial statements. It has been recommended in the past through postings to the Summary of Unadjusted Differences that the Clerk/Treasurer post street bond receipts as revenue and not other financing sources.

In 2006 and 2007, the Clerk/Treasurer posted the street bond receipts as other financing sources. The street bond receipts for 2006 were \$10,000 and an adjustment was posted to the financial statements by the Clerk/Treasurer to reclassify the receipts as fines, licenses, and permits. The street bond receipts for 2007 were \$2,000 and an adjustment was posted to the Summary of Unadjusted Differences to reclassify them as fines, licenses, and permits.

We recommend the Clerk/Treasurer review the Village Officer’s Handbook for the proper posting of receipts. Also, the Village Council should review all audit adjustments and Summary of Unadjusted Difference entries at the end of each audit. The Village Council should adopt policies and procedures to implement controls that ensure prior year citations, recommendations, and posting errors are corrected.

Officials’ Response: We did not receive a response from officials related to the finding noted above.

Finding Number	2007-002
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Fuel Excise Taxes – Noncompliance Citation – Significant Deficiency

Ohio Rev. Code Section 5735.29 prohibits any municipal corporation, county, or township from expending any revenues received from the tax levied by this section for any purpose other than one of the specific highway-related purposes stated in the Revised Code Section. In addition, each municipal corporation, county, or township must use at least ninety percent of all revenues received from the tax levied by this section to supplement, rather than supplant, other local funds used for highway-related purposes.

The Village spent \$13,414 in 2005 on street repair and other purposes allowed under Ohio Revised Code Section 5735.29. Of the total amount spent in 2005, approximately \$4,000 was from local funds. During 2006, the Village spent \$6,805 on Section 5735.29 expenditures. Of the total amount spent in 2006, \$0 was from local funds. This demonstrates that the Village used Fuel Excise Tax proceeds to supplant rather than supplement the local expenditures for the purposes described in Ohio Rev. Code Section 5735.29.

We recommend the Village monitor the expenditures made from the Fuel Excise Tax fund and ensure that these expenditures are supplementing, or adding to, local fund expenditures.

Officials’ Response: We did not receive a response from officials related to the finding noted above.



Mary Taylor, CPA
Auditor of State

VILLAGE OF RIVERLEA

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 1, 2008