

VILLAGE OF RICHMOND

JEFFERSON COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2008 & 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Village Council
Village of Richmond
P.O. Box 335
Richmond, Ohio 43907

We have reviewed the *Report of Independent Accountants* of the Village of Richmond, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Richmond is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 11, 2009

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VILLAGE OF RICHMOND
JEFFERSON COUNTY, OHIO
Audit Report
For the Years ended December 31, 2008 & 2007

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Richmond
Jefferson County
P.O. Box 335
Richmond, Ohio 43907

To the Village Council:

We have audited the accompanying financial statements of the Village of Richmond (Village), Jefferson County, Ohio as and for the years ended December 31, 2008 & 2007. 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 that 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 & 2007. Instead of the combined funds the accompanying financial statements present for 2008 & 2007, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2008 & 2007. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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, 2008 & 2007, 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, 2008 & 2007, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Richmond, Jefferson County as of December 31, 2008 & 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 & 2007. 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 July 30, 2009, 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, 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 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.

Charles E. Harris & Associates, Inc.
July 30, 2009

VILLAGE OF RICHMOND
JEFFERSON COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types		Total Memorandum Only
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$ 20,927	\$ 13,174	\$ 34,101
Intergovernmental	23,557	27,606	51,163
Charges for Services	10,250	-	10,250
Earnings on Investments	5,888	4	5,892
Miscellaneous	1,076	-	1,076
	61,698	40,784	102,482
Cash Disbursements:			
Current:			
Security of Persons & Property	7,962	17,082	25,044
Leisure Time Activities	12,618	-	12,618
Transportation	15,745	46,874	62,619
General Government	31,246	-	31,246
	67,571	63,956	131,527
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(5,873)	(23,172)	(29,045)
Other Financing Sources/(Uses):			
Transfers-In	-	12,400	12,400
Transfers-Out	(12,400)	-	(12,400)
Other Financing Sources	3,936	2,500	6,436
	(8,464)	14,900	6,436
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(14,337)	(8,272)	(22,609)
Fund Cash Balance, January 1	145,617	18,928	164,545
Fund Cash Balance, December 31	\$ 131,280	\$ 10,656	\$ 141,936
Reserve for Encumbrances, December 31	\$ 4,793	\$ -	4,793

See accompanying Notes to the Financial Statements.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

		<u>Proprietary Fund Type</u> <u>Enterprise Fund</u>
Operating Cash Receipts:		
Charges for Services	\$	<u>62,530</u>
Operating Cash Disbursements:		
Personal Services		14,996
Employee Fringe Benefits		2,314
Contractual Services		31,604
Supplies & Materials		<u>6,995</u>
Total Operating Cash Disbursements		<u>55,909</u>
Operating Income/(Loss)		6,621
Non-Operating Cash Receipts/(Disbursements):		
Capital Outlay		<u>(69,445)</u>
Excess of Receipts Over Disbursements		(62,824)
Fund Cash Balance, January 1		<u>205,726</u>
Fund Cash Balance, December 31	\$	<u><u>142,902</u></u>

See accompanying Notes to the Financial Statements.

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

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 19,800	\$ 12,584	\$ 32,384
Intergovernmental	19,919	32,929	52,848
Charges for Services	9,000	-	9,000
Earnings on Investments	15,949	9	15,958
Miscellaneous	1,251	-	1,251
	<u>65,919</u>	<u>45,522</u>	<u>111,441</u>
Total Cash Receipts	65,919	45,522	111,441
Cash Disbursements:			
Current:			
Security of Persons & Property	6,839	16,960	23,799
Leisure Time Activities	17,762	-	17,762
Transportation	8,500	32,491	40,991
General Government	34,020	-	34,020
	<u>67,121</u>	<u>49,451</u>	<u>116,572</u>
Total Cash Disbursements	67,121	49,451	116,572
Total Receipts Over/(Under) Disbursements	(1,202)	(3,929)	(5,131)
Other Financing Sources/(Uses):			
Transfers-In	-	4,000	4,000
Transfers-Out	(4,000)	-	(4,000)
Other Financing Uses	(136)	-	(136)
Other Financing Sources	2,403	-	2,403
	<u>(1,733)</u>	<u>4,000</u>	<u>2,267</u>
Total Other Financing Sources/(Uses)	(1,733)	4,000	2,267
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(2,935)	71	(2,864)
Fund Cash Balance, January 1	<u>148,552</u>	<u>18,857</u>	<u>167,409</u>
Fund Cash Balance, December 31	\$ <u>145,617</u>	\$ <u>18,928</u>	\$ <u>164,545</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

		<u>Proprietary Fund Type</u> <u>Enterprise Fund</u>
Operating Cash Receipts:		
Charges for Services	\$	<u>68,978</u>
Operating Cash Disbursements:		
Personal Services		14,571
Employee Fringe Benefits		2,328
Contractual Services		39,021
Supplies & Materials		<u>4,166</u>
Total Operating Cash Disbursements		<u>60,086</u>
Operating Income/(Loss)		8,892
Non-Operating Cash Receipts/(Disbursements):		
Capital Outlay		<u>(102,697)</u>
Excess of Receipts Over Disbursements		(93,805)
Fund Cash Balance, January 1		<u>299,530</u>
Fund Cash Balance, December 31	\$	<u><u>205,725</u></u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

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 Richmond, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including water utilities, park operations (leisure time activities), street repair and maintenance, and police protection. The Village contracts with the Richmond Volunteer Fire Department to receive fire protection services and ambulance 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

These funds 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 Fund:

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

3. Enterprise Fund

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

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 level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

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 to the subsequent year.

A summary of 2008 and 2007 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.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2008	2007
Demand deposit	\$ 60,046	\$ 133,397
Savings Account	24,792	23,749
Certificates of deposit	200,000	213,124
Total deposits	<u>\$ 284,838</u>	<u>\$ 370,270</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 36,714	\$ 65,634	\$ 28,920
Special Revenue	35,367	55,684	20,317
Enterprise	60,000	62,530	2,530
Total	<u>\$ 132,081</u>	<u>\$ 183,848</u>	<u>\$ 51,767</u>

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 58,450	\$ 84,764	\$ (26,314)
Special Revenue	52,550	63,956	(11,406)
Enterprise	137,500	125,354	12,146
Total	\$ 248,500	\$ 274,074	\$ (25,574)

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 37,187	\$ 68,322	\$ 31,135
Special Revenue	32,635	49,522	16,887
Enterprise	50,000	68,978	18,978
Total	\$ 119,822	\$ 186,822	\$ 67,000

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 77,070	\$ 71,257	\$ 5,813
Special Revenue	53,225	49,451	3,774
Enterprise	160,800	162,783	(1,983)
Total	\$ 291,095	\$ 283,491	\$ 7,604

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

4. PROPERTY TAXES

Real property becomes 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utility property tax receipts received represent the collection of the previous year's taxes. Public utility real and tangible personal property taxes received in the current year became a lien on December 31, were levied after October 1 of the previous year, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true value as of December 31 of the previous year. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent, 6.25 percent for 2008, and zero for 2009.

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

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

Contribution rates for both plans are prescribed by the Ohio Revised Code. For 2007, OPERS members contributed 9.5% of their wages. The Village contributed an amount equal to 13.85% of participants' gross salaries during the years. For 2008, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14.00% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 and 2007**

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Public officials' liability.

Settled claims have not exceeded this commercial coverage in any of the last three years. The Village has not reduced coverages from last year.

7. CONTINGENT LIABILITIES

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

8. TRANSFERS

The Village transferred funds from the General Fund to the Police Levy Fund in both years to subsidize normal operations. All transfers were made in accordance with the Ohio Revised Code.

9. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41 (D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village did not always certify funds. Also, the "then and now" certificates were not approved by Village Council.

Contrary to Ohio Revised Code Section 5705.41 (B), prohibits a subdivision from making expenditures unless they have been appropriated. The Village had expenditures exceeding appropriations in various funds in both years.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Richmond
Jefferson County
P.O. Box 335
Richmond, Ohio 43944

To the Village Council:

We have audited the accompanying financial statements of the Village of Richmond, Jefferson County, Ohio (the "Village") as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 30, 2009, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in 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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2008-VRJC-03 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above to be a material weakness.

Compliance and Other Matters

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, grant agreements and other matters, 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 or other matters that are required to be reported under *Government Auditing Standards*, which are described in the schedule of findings as items 2008-VRJC-01 through 2008-VRJC-02.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated July 30, 2009.

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

Charles E. Harris and Associates, Inc.
July 30, 2009

VILLAGE OF RICHMOND
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
December 31, 2008 and 2007

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

Finding Number 2008-VRJC-01 – Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF RICHMOND
JEFFERSON COUNTY

SCHEDULE OF FINDINGS (continued)
December 31, 2008 and 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)

Finding Number 2008-VRJC-01 – Non-Compliance Citation (continued)

The Village did not make the proper certification of funds in all instances. In addition, Council did not approve three “Then and Now” certificates under \$3,000 within 30 days. Thirty-four of 65 selections tested during the audit period had the certifications after the obligation date or “then and now” certificates under \$3,000 that were not Council approved.

We recommend that the Village certify expenditures prior to incurring the liability. Also, we recommend that Council approve “then and now” certificates under \$3,000 within 30 days.

Management Response: The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

Finding Number 2008-VRJC-02 – Non-Compliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated unless it has been appropriated as provided in such chapter.

During the years ended December 31, 2008 and 2007, the following funds' expenditures plus encumbrances exceeded total appropriations:

2007
Enterprise Fund
 Water Operating Fund (\$1,983)
2008
General Fund (\$26,314)

Special Revenue Fund
 Street Construction Maintenance & Repair Fund (\$12,252)

Management Response: The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS (continued)
December 31, 2008 and 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2008-VRJC-03 – Material Weakness

During 2008 & 2007, the Village Fiscal Officer did not accurately post all budgeted receipts to the accounting system. Variances existed between the amounts on the certificates of estimated resources and the amounts posted to the accounting system as follows:

December 31, 2007:

Fund	Budgeted Receipts Per UAN System	Budgeted Receipts Per Final Certificate of Estimated Resources	Variance
General Fund	\$49,634	\$37,187	\$12,447
SCM&R Fund	22,005	13,910	8,095
State Highway Fund	810	1,000	(190)
Permissive Vehicle	2,500	2,575	(75)
Police Levy Fund	15,145	15,150	(5)

December 31, 2008:

Fund	Budgeted Receipts Per UAN System	Budgeted Receipts Per Final Certificate of Estimated Resources	Variance
General Fund	\$45,987	\$36,714	\$9,273
SCM&R Fund	29,700	20,000	9,700
State Highway Fund	1,699	1,470	229
Permissive Vehicle Fund	2,445	2,500	(55)
Police Levy Fund	18,927	11,397	7,530

Also, the Village Fiscal Officer did not accurately post all budgeted appropriations to the accounting system. Variances existed between the appropriations approved by Council and the amounts posted to the accounting system as follows:

December 31, 2007:

Fund	Budgeted Appropriations Per UAN System	Budgeted Appropriations Passed by Council	Variance
General Fund	\$76,703	\$77,070	(\$367)
SCM&R Fund	29,380	29,500	(120)
Police Levy Fund	17,450	18,750	(1,300)
Water Fund	164,474	160,800	3,674

VILLAGE OF RICHMOND
JEFFERSON COUNTY

SCHEDULE OF FINDINGS (continued)
December 31, 2008 and 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2008-VRJC-03 – Material Weakness (continued)

December 31, 2008:

Fund	Budgeted Appropriations Per UAN System	Budgeted Appropriations Passed by Council	Variance
General Fund	\$92,388	\$58,450	\$33,938
SCM&R Fund	39,468	27,100	12,368
State Highway	4,550	8,050	(3,500)
Police Levy Fund	18,980	17,400	1,580
Water Fund	129,441	137,500	(8,059)

Management Response: The issues occurred under a previous fiscal officer. The current fiscal officer is working on correcting the issues.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008 and 2007**

The prior report, for the years ending December 31, 2006 and 2005, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

VILLAGE OF RICHMOND

JEFFERSON 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
SEPTEMBER 24, 2009