



Dave Yost • Auditor of State



VILLAGE OF RICHMOND  
JEFFERSON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Richmond, Jefferson County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Richmond, Jefferson County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 28, 2015

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$18,461	\$11,725			\$30,186
Intergovernmental	21,897	24,837		43,424	90,158
Charges for Services	8,835				8,835
Earnings on Investments	4				4
Miscellaneous	274				274
<i>Total Cash Receipts</i>	<u>49,471</u>	<u>36,562</u>	<u>0</u>	<u>43,424</u>	<u>129,457</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	0	21,031			21,031
Leisure Time Activities	13,496				13,496
Transportation	0	21,701			21,701
General Government	33,842				33,842
Capital Outlay		2,500		43,424	45,924
Debt Service:					
Principal Retirement			5,894		5,894
<i>Total Cash Disbursements</i>	<u>47,338</u>	<u>45,232</u>	<u>5,894</u>	<u>43,424</u>	<u>141,888</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,133</u>	<u>(8,670)</u>	<u>(5,894)</u>	<u>0</u>	<u>(12,431)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Financing Sources	1,047				1,047
Other Financing Uses	(932)				(932)
Transfers In		2,300	6,000		8,300
Transfers Out	(8,300)				(8,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(8,185)</u>	<u>2,300</u>	<u>6,000</u>	<u>0</u>	<u>115</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,052)</u>	<u>(6,370)</u>	<u>106</u>	<u>0</u>	<u>(12,316)</u>
<i>Fund Cash Balances, January 1</i>	<u>52,456</u>	<u>23,707</u>	<u>2,612</u>	<u>0</u>	<u>78,775</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	17,337	2,718	0	20,055
Unassigned (Deficit)	46,404		0	0	46,404
<i>Fund Cash Balances, December 31</i>	<u>\$46,404</u>	<u>\$17,337</u>	<u>\$2,718</u>	<u>\$0</u>	<u>\$66,459</u>

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

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$60,161
<i>Total Operating Cash Receipts</i>	60,161
<b>Operating Cash Disbursements</b>	
Personal Services	19,683
Employee Fringe Benefits	3,279
Contractual Services	42,265
Supplies and Materials	5,148
Other	553
<i>Total Operating Cash Disbursements</i>	70,928
<i>Operating Income (Loss)</i>	(10,767)
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Uses	(43)
<i>Total Non-Operating Receipts (Disbursements)</i>	(43)
<i>Net Change in Fund Cash Balance</i>	(10,810)
<i>Fund Cash Balance, January 1</i>	150,360
<i>Fund Cash Balance, December 31</i>	\$139,550

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

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$18,833	\$11,422		\$30,255
Intergovernmental	74,897	26,903		101,800
Charges for Services	9,120			9,120
Fines, Licenses and Permits	200			200
Earnings on Investments	4			4
Miscellaneous	20,235			20,235
<i>Total Cash Receipts</i>	<u>123,289</u>	<u>38,325</u>	<u>0</u>	<u>161,614</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	3,897	21,696		25,593
Public Health Services				0
Leisure Time Activities	10,043			10,043
Transportation		19,277		19,277
General Government	99,480			99,480
Debt Service:				
Principal Retirement			5,894	5,894
<i>Total Cash Disbursements</i>	<u>113,420</u>	<u>40,973</u>	<u>5,894</u>	<u>160,287</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,869</u>	<u>(2,648)</u>	<u>(5,894)</u>	<u>1,327</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	1,379			1,379
Other Financing Uses	(1,738)			(1,738)
Transfers In		7,091	6,000	13,091
Transfers Out	(13,091)			(13,091)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,450)</u>	<u>7,091</u>	<u>6,000</u>	<u>(359)</u>
<i>Net Change in Fund Cash Balances</i>	(3,581)	4,443	106	968
<i>Fund Cash Balances, January 1</i>	<u>56,037</u>	<u>19,264</u>	<u>2,506</u>	<u>77,807</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	23,707	2,612	26,319
Unassigned (Deficit)	52,456			52,456
<i>Fund Cash Balances, December 31</i>	<u>\$52,456</u>	<u>\$23,707</u>	<u>\$2,612</u>	<u>\$78,775</u>

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

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$53,657
<i>Total Operating Cash Receipts</i>	<u>53,657</u>
<b>Operating Cash Disbursements</b>	
Personal Services	18,765
Employee Fringe Benefits	3,413
Contractual Services	30,557
Supplies and Materials	2,109
Other	179
<i>Total Operating Cash Disbursements</i>	<u>55,023</u>
<i>Operating Income (Loss)</i>	<u>(1,366)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Uses	<u>(676)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(676)</u>
<i>Net Change in Fund Cash Balance</i>	(2,042)
<i>Fund Cash Balance, January 1</i>	<u>152,402</u>
<i>Fund Cash Balance, December 31</i>	<u>\$150,360</u>

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

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 directs the Village. The Village provides water utilities, park operations, and police services. The Village contracts with Richmond Volunteer Fire Department for fire protection services and ambulance services.

The Village participates in the Ohio Plan Risk Management (OPRM) public entity risk pool. Note 7 to the financial statements provides additional information for these entities. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members").

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits 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.

**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:

VILLAGE OF RICHMOND  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant 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.

Police Fund – This fund receives proceeds from a tax levy and is used to pay for police protection services.

3. Debt Service Fund

This fund account for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund.

Debt Service Fund - This fund is used to pay on the Village's OWDA loan.

4. Capital Project Fund

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

CDBG Fund – This fund accounts for street paving improvements made on behalf of the Village.

5. Enterprise Funds

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

VILLAGE OF RICHMOND  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds 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 Village Council must annually approve appropriation measures and subsequent amendments. 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 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 reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	2014	2013
Demand deposits	\$106,009	\$128,020
Certificate of Deposits	100,000	101,115
Total deposits	\$206,009	229,135

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,309	\$50,518	(\$39,791)
Special Revenue	36,375	38,862	2,487
Debt Service	6,000	6,000	0
Capital Projects	43,424	43,424	0
Enterprise	50,000	60,161	10,161
Total	\$226,108	\$198,965	(\$27,143)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,031	\$56,570	\$5,461
Special Revenue	49,536	45,322	4,214
Debt Service	6,000	5,894	106
Capital Projects	43,424	43,424	0
Enterprise	76,000	70,971	5,029
Total	\$236,991	\$222,181	\$14,810

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,000	\$124,668	\$77,668
Special Revenue	40,000	45,416	5,416
Debt Service	6,000	6,000	0
Enterprise	60,000	53,657	(6,343)
Total	\$153,000	\$229,741	\$76,741

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$74,886	\$128,249	(\$53,363)
Special Revenue	38,635	40,973	(2,338)
Debt Service	6,000	5,894	106
Enterprise	56,275	55,699	576
Total	\$175,796	\$230,815	(\$55,019)

Contrary to Ohio law, the Village's budgetary expenditures exceeded appropriation authority in the General and Police Levy funds in 2013. In addition, appropriations exceeded total estimated revenue available in the General Fund in 2013 and the Police Levy fund in 2014.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**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.

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, 2014 was as follows:

	Principal	Interest Rate
OWDA Loan #5200	\$23,576	0.00%
Total	\$23,576	

The Water Treatment Plant Loan is a sewer system planning loan. The loan will be repaid in semi-annual payments of \$2,947 through 2018.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA #5200
2015	\$5,894
2016	5,894
2017	5,894
2018	5,894
Total	\$23,576

**6. 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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	<b>2012</b>	<b>2013</b>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Richmond, Jefferson County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001, 2014-002 and 2014-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 28, 2015

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Noncompliance Citation**

**Ohio Rev. Code § 5705.41(D)** provides in part that no subdivision 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.

There are several exceptions to the standard requirement stated above that a fiscal officers' certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the 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 Certificate – If no certificate is furnished as required, upon receipt of the fiscal officers' 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 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, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Village Council if such expenditure is otherwise valid.
2. Blanket Certificate – The fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account 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 Certificate – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional 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 may be outstanding a particular time for any line item appropriation.

The Fiscal Officer did not certify or record the amount against the applicable appropriation accounts for 85% of tested expenditures during this audit period. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

To help improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2014-002**

**Noncompliance**

**Ohio Rev. Code § 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund, as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceed the amount certified as available by the budget commission as follows:

**2013:**

Fund	Amount Certified Available	Amount Appropriated	Variance
General	\$52,766	\$74,886	(\$22,120)

**2014:**

Fund	Amount Certified Available	Amount Appropriated	Variance
Policy Levy	4,880	\$13,051	(8,171)

The Village should base annual appropriations on Total Available Estimated Resources. If amendments are necessary during the year an amended certificate should be obtained.

**FINDING NUMBER 2014-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village had instances where expenditures exceeded appropriations in the following funds for 2013:

Fund	Appropriations	Expenditures	Variance
General	\$74,886	\$128,249	(\$53,363)
Police Levy	\$10,498	\$17,192	(\$6,694)

Failure to amend appropriations, which serves as a tool by which expenditures can be monitored, could result in overspending.

In addition, **Ohio Rev. Code § 5705.38(C)** states the minimum level of budgetary control for subdivisions other than schools; requiring subdivisions adopt appropriation measures that classify the amounts appropriated for each office, department, and division, within the subdivision. The Village adopted appropriations at the fund level for both 2013 and 2014.

The Village should adopt annual appropriations at the appropriate level of control. Village council should pass any supplemental appropriations as required so that expenditures can be monitored to ensure disbursements are limited to approved appropriations for each fund.

**Auditee Response: No responses received.**

**VILLAGE OF RICHMOND  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 and 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	<b>ORC 5705.41(d)</b> , Failure to properly certify	No	Recited as Finding 2014-001
2014-002	<b>ORC 5705.38 &amp; 5705.41(B)</b> , failure to pass appropriations in 2011; expenditures exceeded appropriations in 2012	No	Recited as Finding 2014-003
2014-003	<b>ORC 5705.36</b> failure to obtain certificate of estimated resources	Corrected	
2014-004	<b>Material Weakness –</b> failure to post receipts correctly	Corrected	
2014-005	<b>OAC 117-2-02-(B)(1)(2)</b> failure to prepare accurate monthly reconciliations	Corrected	

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# Dave Yost • 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  
JULY 2, 2015**