



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW RICHMOND
CLERMONT COUNTY

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Mary Taylor, CPA
Auditor of State

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

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 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. 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.

Mary Taylor

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March 17, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

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

Except as described below, 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

At December 31, 2008 the Village's General fund balance was greater than their adjusted bank balance by \$6,373; at December 31, 2007, the Village's General fund balance was greater than their adjusted bank balance by \$976. The Village was unable to provide evidential matter related to these differences and we were unable to satisfy ourselves as to the December 31, 2008 and 2007 fund balances for the General fund.

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 require 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, 2008 and 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 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence related to the differences between the Villages combined fund cash balances and adjusted bank balances, 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 New Richmond, Clermont County, as of December 31, 2008 and 2007, 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 March 17, 2010, 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.



Mary Taylor, CPA
Auditor of State

March 17, 2010

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$269,178	\$726,666	\$0	\$0	\$995,844
Intergovernmental	248,255	310,329	0	95,657	654,241
Special Assessments	2,690	225	0	0	2,915
Charges for Services	0	24,950	0	0	24,950
Fines, Licenses and Permits	54,262	8,913	0	0	63,175
Earnings on Investments	14,515	77	0	0	14,592
Miscellaneous	25,750	107,204	0	0	132,954
Total Cash Receipts	<u>614,650</u>	<u>1,178,364</u>	<u>0</u>	<u>95,657</u>	<u>1,888,671</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	33,503	937,948	0	0	971,451
Public Health Services	0	20,986	0	0	20,986
Leisure Time Activities	19,192	0	0	0	19,192
Community Environment	33,057	4,450	0	0	37,507
Basic Utility Service	0	8,146	0	0	8,146
Transportation	50,853	107,946	0	0	158,799
General Government	381,465	29,609	0	0	411,074
Debt Service:					
Redemption of Principal	0	238,496	49,167	0	287,663
Interest and Fiscal Charges	0	4,678	25,553	0	30,231
Capital Outlay	4,349	97,312	0	95,657	197,318
Total Cash Disbursements	<u>522,419</u>	<u>1,449,571</u>	<u>74,720</u>	<u>95,657</u>	<u>2,142,367</u>
Total Receipts Over/(Under) Disbursements	<u>92,231</u>	<u>(271,207)</u>	<u>(74,720)</u>	<u>0</u>	<u>(253,696)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Notes	0	308,000	0	0	308,000
Transfers-In	1,135	27,776	74,720	175,966	279,597
Transfers-Out	(196,750)	(66,889)	0	0	(263,639)
Other Financing Sources	0	20,397	0	0	20,397
Total Other Financing Receipts / (Disbursements)	<u>(195,615)</u>	<u>289,284</u>	<u>74,720</u>	<u>175,966</u>	<u>344,355</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(103,384)</u>	<u>18,077</u>	<u>0</u>	<u>175,966</u>	<u>90,659</u>
Fund Cash Balances, January 1	<u>95,054</u>	<u>298,248</u>	<u>0</u>	<u>(141,401)</u>	<u>251,901</u>
Fund Cash Balances, December 31	<u>(\$8,330)</u>	<u>\$316,325</u>	<u>\$0</u>	<u>\$34,565</u>	<u>\$342,560</u>

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$765,872	\$0	\$765,872
Fines, Licenses and Permits	0	1,000	1,000
Total Operating Cash Receipts	<u>765,872</u>	<u>1,000</u>	<u>766,872</u>
Operating Cash Disbursements:			
Personal Services	172,278	0	172,278
Employee Fringe Benefits	57,833	0	57,833
Contractual Services	241,039	0	241,039
Supplies and Materials	137,329	2	137,331
Claims	21,067	0	21,067
Other	425	6,518	6,943
Total Operating Cash Disbursements	<u>629,971</u>	<u>6,520</u>	<u>636,491</u>
Operating Income/(Loss)	<u>135,901</u>	<u>(5,520)</u>	<u>130,381</u>
Non-Operating Cash Receipts:			
Intergovernmental	0	0	0
Special Assessments	4,964	0	4,964
Miscellaneous Receipts	8,927	7,352	16,279
Other Non-Operating Cash Receipts	0	59,543	59,543
Total Non-Operating Cash Receipts	<u>13,891</u>	<u>66,895</u>	<u>80,786</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	142,357	0	142,357
Interest and Other Fiscal Charges	30,035	0	30,035
Other Non-Operating Cash Disbursements	0	59,313	59,313
Total Non-Operating Cash Disbursements	<u>172,392</u>	<u>59,313</u>	<u>231,705</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(22,600)	2,062	(20,538)
Transfers-In	302,734	0	302,734
Transfers-Out	<u>(318,692)</u>	<u>0</u>	<u>(318,692)</u>
Net Receipts Over/(Under) Disbursements	(38,558)	2,062	(36,496)
Fund Cash Balances, January 1	<u>245,154</u>	<u>11,519</u>	<u>256,673</u>
Fund Cash Balances, December 31	<u>\$206,596</u>	<u>\$13,581</u>	<u>\$220,177</u>
Reserve for Encumbrances, December 31	<u>\$105,478</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$251,662	\$681,579	\$0	\$933,241
Intergovernmental	234,778	279,820	52,593	567,191
Special Assessments	1,415	1,425	0	2,840
Charges for Services	0	23,200	0	23,200
Fines, Licenses and Permits	58,567	10,535	0	69,102
Earnings on Investments	23,818	0	0	23,818
Miscellaneous	16,954	210,759	0	227,713
	<u>587,194</u>	<u>1,207,318</u>	<u>52,593</u>	<u>1,847,105</u>
Total Cash Receipts				
	<u>587,194</u>	<u>1,207,318</u>	<u>52,593</u>	<u>1,847,105</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	25,839	939,211	0	965,050
Public Health Services	4,813	15,646	0	20,459
Leisure Time Activities	15,752	0	0	15,752
Community Environment	28,725	566	0	29,291
Basic Utility Service	0	3,849	0	3,849
Transportation	52,189	111,670	0	163,859
Miscellaneous	0	14,492	0	14,492
General Government	352,897	18,207	0	371,104
Debt Service:				
Redemption of Principal	30,760	184,763	0	215,523
Interest and Fiscal Charges	2,745	16,524	0	19,269
Capital Outlay	1,807	84,445	168,061	254,313
	<u>515,527</u>	<u>1,389,373</u>	<u>168,061</u>	<u>2,072,961</u>
Total Cash Disbursements				
	<u>515,527</u>	<u>1,389,373</u>	<u>168,061</u>	<u>2,072,961</u>
Total Receipts Over/(Under) Disbursements	<u>71,667</u>	<u>(182,055)</u>	<u>(115,468)</u>	<u>(225,856)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Notes	0	250,000		250,000
Transfers-In	18,295	30,000	28,000	76,295
Transfers-Out	(30,000)	0	(85,000)	(115,000)
Advances-In	36,447	0	39,760	76,207
Advances-Out	(39,760)	0	(36,447)	(76,207)
Other Financing Sources	0	3,032	0	3,032
	<u>(15,018)</u>	<u>283,032</u>	<u>(53,687)</u>	<u>214,327</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(15,018)</u>	<u>283,032</u>	<u>(53,687)</u>	<u>214,327</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	56,649	100,977	(169,155)	(11,529)
Fund Cash Balances, January 1 (Restated)	<u>38,405</u>	<u>197,271</u>	<u>27,754</u>	<u>263,430</u>
Fund Cash Balances, December 31	<u><u>\$95,054</u></u>	<u><u>\$298,248</u></u>	<u><u>(\$141,401)</u></u>	<u><u>\$251,901</u></u>

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$844,166	\$0	\$844,166
Fines, Licenses and Permits	0	1,000	1,000
Total Operating Cash Receipts	<u>844,166</u>	<u>1,000</u>	<u>845,166</u>
Operating Cash Disbursements:			
Personal Services	194,198	0	194,198
Employee Fringe Benefits	72,381	0	72,381
Contractual Services	246,918	2,882	249,800
Supplies and Materials	154,872	0	154,872
Other	20,871	0	20,871
Total Operating Cash Disbursements	<u>689,240</u>	<u>2,882</u>	<u>692,122</u>
Operating Income/(Loss)	<u>154,926</u>	<u>(1,882)</u>	<u>153,044</u>
Non-Operating Cash Receipts:			
Intergovernmental	0	0	0
Special Assessments	8,974	0	8,974
Other Debt Proceeds	186,271	0	186,271
Miscellaneous Receipts	0	7,753	7,753
Other Non-Operating Cash Receipts	27,860	58,541	86,401
Total Non-Operating Cash Receipts	<u>223,105</u>	<u>66,294</u>	<u>289,399</u>
Non-Operating Cash Disbursements:			
Capital Outlay	224,661	0	224,661
Redemption of Principal	83,836	0	83,836
Interest and Other Fiscal Charges	29,130	0	29,130
Other Non-Operating Cash Disbursements	0	59,100	59,100
Total Non-Operating Cash Disbursements	<u>337,627</u>	<u>59,100</u>	<u>396,727</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	40,404	5,312	45,716
Transfers-In	97,000		97,000
Transfers-Out	(58,295)		(58,295)
Net Receipts Over/(Under) Disbursements	79,109	5,312	84,421
Fund Cash Balances, January 1	<u>166,045</u>	<u>6,207</u>	<u>172,252</u>
Fund Cash Balances, December 31	<u>\$245,154</u>	<u>\$11,519</u>	<u>\$256,673</u>

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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 New Richmond, Clermont County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, police, fire and EMS services.

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. Deposits

The Village's funds are pooled in checking and savings accounts with local commercial banks.

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:

Police Levy Fund – This fund receives real estate tax levy monies to fund police department operations.

Ambulance EMS Fund - This fund receives real estate tax levy monies to fund the ambulance service for the Village.

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Water Well Loan – This fund receives money from the Water Operating Fund for repayment of the OWDA loan.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Bethel NR Water Main Extension Fund – This fund receives monies from OPWC for the extension of water mains.

5. Enterprise Funds

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 Funds:

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Debt fund - This fund receives transfers from the Water and Sewer funds to cover the cost of paying debt which was issued to improve the sewer system.

7. Fiduciary Funds (Trust and Agency Funds)

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government

Mayor's Court Fund (Agency Fund) - This fund accounts for monies that are received and disbursed with regards to Mayor's Court operations.

VILLAGE OF NEW RICHMOND
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(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 or function 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 reappropriated. The Village did not properly certify the availability of funds for all purchase commitments during 2007 and 2008.

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.

G. 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

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

	2008	2007
Demand deposits	<u>\$562,737</u>	<u>\$508,574</u>

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Restatement of 2007 Fund Balance

The fund balance of General, Special Revenue, Capital Projects, Enterprise, and Agency funds were restated from amounts previously reported. Various restatements were necessary due to fund adjustments and errors that were identified in 2007 however related to financial activity in prior year. The restatements resulted in changes to balances reported at January 1, 2007 as follows:

Fund	Fund Balance at 12/31/06		Restated
			Fund Balance at 1/1/07
General	\$37,197	\$1,209	\$38,406
Special Revenue	196,810	461	197,271
Capital Projects	18,549	9,205	27,754
Enterprise	171,037	(4,993)	166,044
Agency	10,207	(4,000)	6,207

4. Budgetary Activity

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

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$601,687	\$615,785	\$14,098
Special Revenue	1,517,687	1,534,537	16,850
Debt Service	74,720	74,720	0
Capital Projects	256,525	271,623	15,098
Enterprise	994,726	1,082,497	87,771
Total	<u>\$3,445,345</u>	<u>\$3,579,162</u>	<u>\$133,817</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$557,415	\$719,169	(\$161,754)
Special Revenue	1,515,673	1,516,460	(787)
Debt Service	0	74,720	(74,720)
Capital Projects	115,000	95,657	19,343
Enterprise	1,277,403	1,226,533	50,870
Total	<u>\$3,465,491</u>	<u>\$3,632,539</u>	<u>(\$167,048)</u>

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$613,317	\$605,489	(\$7,828)
Special Revenue	1,180,395	1,490,350	309,955
Capital Projects	20,000	80,593	60,593
Enterprise	889,700	1,164,271	274,571
Total	<u>\$2,703,412</u>	<u>\$3,340,703</u>	<u>\$637,291</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$619,311	\$545,527	\$73,784
Special Revenue	1,349,412	1,389,373	(39,961)
Capital Projects	293,134	253,061	40,073
Enterprise	958,230	1,085,162	(126,932)
Total	<u>\$3,220,087</u>	<u>\$3,273,123</u>	<u>(\$53,036)</u>

Contrary to Ohio law, appropriations exceeded estimated revenue at fiscal year 2007 year-end in the following funds:

Fund	Variance
General	\$(4,850)
Special Revenue - State Highway	(96,108)
Special Revenue – Fire/EMS Levy	(56,436)
Capital Projects – Augusta Boat Ramp	(50,366)

Contrary to Ohio law, appropriations exceeded estimated revenue at fiscal year 2008 year-end in the following funds:

Fund	Variance
Enterprise – Water	\$(27,323)
Enterprise – Sewer	(67,189)
Enterprise – Sewer Plant Debt	(78,000)
Trust & Agency – Resident Escrow Account	(3,000)

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriations at fiscal year 2007 year-end in the following funds:

Fund	Variance
Special Revenue – Street Maintenance & Repair	\$(102,769)
Special Revenue – Cemetery	(766)
Special Revenue – Fire Levy	(118,477)
Special Revenue – EMS Levy	(350,698)
Special Revenue – FEMA	(446)
Capital Projects– Bethel N.R. Phase VI	(21,487)
Capital Projects – Walnut Street Drainage	(227,224)
Trust & Agency – Rickett Escrow	(500)
Trust & Agency – Detention Pond	(2,282)

Contrary to Ohio law, budgetary expenditures exceeded appropriations at fiscal year 2008 year-end in the following funds:

Fund	Variance
General	\$(161,755)
Special Revenue – Street Maintenance & Repair	(4,159)
Special Revenue – State Highway	(2,576)
Special Revenue – Cemetery	(13,539)
Special Revenue – FEMA Mitigation	(3,911)
Special Revenue – Tree	(450)
Special Revenue – Drug Law Enforcement	(267)
Special Revenue – Fire Levy	(26,311)
Special Revenue – EMS Levy	(426,497)
Debt Service – Walnut Street Loan	(11,507)
Debt Service - Old 52 Improvement Loan	(12,128)
Debt Service – Sycamore Street Improvement Loan	(5,032)
Debt Service – Bethel N.R. Sewer Line Loan	(7,488)
Debt Service – Water Well Loan	(29,067)
Debt Service – Bethel N.R. Sewer Loan	(9,474)
Capital Projects – Old 52 Water Line	(425)
Enterprise – Sewer	(10,445)
Trust & Agency – Rickett Escrow	(19,126)

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. 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.

6. Debt

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 1994	\$1,258,276	2.20%
OPWC Loan - 2000 Sycamore Street	40,262	0.00%
OPWC Loan - 2001 Old US 52	175,862	0.00%
OWDA Loan - Bethel/New Richmond Road Sewer Extension	183,236	2.00%
OPWC Loan - 2002 Bethel New Richmond Sewer II	112,324	0.00%
OWDA Loan - Water System Expansion	400,868	5.06%
Dump Truck Loan - 2005	29,218	5.00%
OPWC Loan - 2006 Walnut Street	212,874	0.00%
Bank Note - Fire Truck	308,000	4.50%
Total	\$2,720,919	

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

The Ohio Pubic Works Commission (OPWC) 2000 loan relates to the Sycamore Street drainage and road improvements. The loan will be repaid in semi-annual payments of \$2,516 January 1 and July 1 of each year for 15 years. The final payment is due January 1, 2017. It is an obligation of the Village.

The Ohio Pubic Works Commission (OPWC) 2001 loan relates to the Old U.S. 52 street widening project. The loan will be repaid in semi-annual payments of \$6,064 January 1 and July 2 of each year for 20 years. The final payment is due January 1, 2023. It is an obligation of the Village.

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Debt (Continued)

The Ohio Water Development Authority's (OWDA) Bethel/New Richmond Road Sewer Extension, account 3612, was for the purposes of engineering expenses related to the construction of wastewater collection line extension. The loan will be repaid in semi-annual payments of \$4,749 January 1 and July 1 for 30 years. The final payment is due January 1, 2033.

The Ohio Pubic Works Commission (OPWC) 2002 loan relates to the Bethel-New Richmond Road sewer line extension phase II project. The loan will be repaid in semi-annual payments of \$3,744 January 1 and July 1 of each year for 20 years. The final payment is due January 1, 2024. It is an obligation of the Village.

The Ohio Water Development Authority (OWDA), Water System Plant Expansion, account 4168, was for the purposes of expenses related to the construction of the wastewater collection line extension. The loan will be repaid in semi-annual payments of \$14,533, including interest, January 1 and July 1 of each year for 30 years. The final payment is due July 1, 2035. The Village received \$16,727 in proceeds in fiscal year 2007.

The dump truck bank note was issued May, 2005 and is secured by the truck. This note will be repaid over 5 years in annual payments of \$10,591 including principal and interest. The loan matures May, 2011.

The Ohio Pubic Works Commission (OPWC) 2006 loan relates to the Walnut Street storm drain improvements. The loan will be repaid in semi-annual payments of \$5,753 January 1 and July 1 of each year for 20 years. The final payment is due July 1, 2027. The Village received \$169,544 in proceeds during fiscal year 2007.

The fire truck bank note was to refinance existing debt and purchase additional equipment. It was reissued March 10, 2008 for \$308,000 in which \$229,710 was used to retire the old note that was refinanced in 2007 for \$250,000. This note will be repaid in 10 annual payments of \$33,174. The loan matures March 2023. This loan is secured by a fire truck.

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

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Debt (Continued)

Year ending December 31:	OWDA loan	OPWC Loan	OPWC Loan	OWDA
	1994	Sycamore Street	Old US 52	Bethel/NR Rd Sewer Extension
2009	\$172,393	\$2,516	\$12,128	\$9,497
2010	172,393	5,033	12,128	9,497
2011	172,393	5,033	12,128	9,497
2012	172,393	5,033	12,128	9,497
2013	172,393	5,033	12,128	9,497
2014-2018	517,179	17,614	60,640	47,485
2019-2023			54,582	47,485
2024-2028				47,485
2029-2033				42,737
Total	<u>\$1,379,144</u>	<u>\$40,262</u>	<u>\$175,862</u>	<u>\$232,677</u>

Year ending December 31:	OPWC Loan	OWDA Water	Dump Truck	OPWC Loan
	Bethel NR Sewer II	System Expansion	Loan	Walnut Street
2009	\$3,744	\$29,067	\$10,591	\$5,753
2010	7,488	29,067	10,591	11,507
2011	7,488	29,067	10,591	11,507
2012	7,488	29,067		11,507
2013	7,488	29,067		11,507
2014-2018	37,441	145,333		57,534
2019-2023	37,441	145,333		57,534
2024-2028	3,746	145,333		46,025
2029-2033		145,333		
2034-2038		43,600		
Total	<u>\$112,324</u>	<u>\$770,267</u>	<u>\$31,773</u>	<u>\$212,874</u>

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Debt (Continued)

Year ending December 31:	Fire Truck	
	Loan	Total
2008	\$28,807	\$274,496
2009	28,807	286,511
2010	28,807	286,511
2012	28,807	275,920
2013	28,807	275,920
2014 – 2018	144,036	1,027,262
2019 – 2023	144,037	486,410
2024 – 2028		242,589
2029 – 2033		188,070
2034 – 2038		43,600
Total	\$432,108	\$3,387,289

Noncompliance with Loan Covenant

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

The Village did not comply with this covenant. For 2007 and 2008, the Loan covenant required the Sewer System to have an operating income of \$172,394; however, the Sewer System had an operating income of \$126,073 and \$105,226.

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

7. Retirement Systems

The Village’s certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages and 24% of full-time fire fighters’ wages, respectively. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. Risk Management

Risk Pool Membership

The Village belongs to 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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 retained earnings at December 31: 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. Noncompliance

- The Village did not maintain complete and accurate financial records.
- The Village did not properly certify the availability of funds for purchase commitments.

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. Noncompliance (Continued)

- Negative fund balances occurred at December 31, 2008 and 2007 in the following funds:

Fund	Fund Balance at December 31, 2007
Special Revenue – Street Maintenance & Repair	\$(8,054)
Special Revenue - Police Levy	(52,134)
Special Revenue – Fire Levy	(1,961)
Capital Projects – Sycamore Street Drainage	(15,098)
Capital Projects – Land Capital Improvement	(435)
Capital Projects – Fire Capital Improvement	(11,499)
Capital Projects – Life Squad Capital Improvement	(51,479)
Capital Projects – Union Square	(6,034)
Capital Projects – Augusta Boat Ramp	(14,165)
Capital Projects – Sewer Line Bethel N.R. Road	(30,194)
Capital Projects – Old US 52	(47,497)
Enterprise – Sewer Debt	(8,584)
Enterprise – Sewer Construction	(16,311)
Enterprise – Walnut Street Drainage	(30,095)

Fund	Fund Balance at December 31, 2008
General	\$(8,330)
Capital Projects – Land Capital Improvement	(435)
Enterprise – Sewer	(10,029)

- The Village did not adopt a 2007 tax budget, and did not adopt a 2008 tax budget by the required date.
- The Village did not certify the 2007 tax levies, and did not certify the 2008 tax levies by the required date.
- The Village did not certify the total amount from all sources available for expenditures.
- The Village made transfers of funds that were unallowable.
- The Village had funds where the revenue to be collected was less than the amount in the official certificate, and the amount of the deficiency reduced available resources below the level of current appropriations, this deficiency was not reported to the budget commission.



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

To the Village Council:

We have audited the financial statements of the Village of New Richmond, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 17, 2010, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Furthermore, we noted we were unable to obtain audit evidence related to the differences between the Village's General Fund December 31, 2008 and 2007 cash balances and adjusted bank balances. Except as noted, 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 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 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 findings 2008-001 through 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

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 material weaknesses. Of the significant deficiencies described above, we believe findings 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated March 17, 2010.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-002 through 2008-011.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 17, 2010.

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



Mary Taylor, CPA
Auditor of State

March 17, 2010

**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

Although the Village performed bank reconciliations for the entire audit period, the Village did not accurately reconcile its bank account to their accounting system general ledger fund balances for the two year audit period. The following weaknesses were noted:

- At December 31, 2007, the Village's accounting system general ledger reported \$976 more than the reconciled bank account balance (bank balance, less outstanding checks, plus deposits in transit) and at December 31, 2008, the Village's accounting system general ledger reported \$6,471 more than the bank. This variance between the bank and accounting system general ledger varied throughout the audit period and was not identified by the Village.
- The Village uses the Uniform Accounting System (UAN). Monthly reconciliations can be printed from the UAN system. These reconciliations have 10 lines for "Governing Board Signatures". None of the reconciliations were approved by the Fiscal Officer, Mayor, Village Council, or other Village Management.

As a result, we were unable to gain assurances over the completeness of the General Fund December 31, 2008 and 2007 fund balances.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and verify that all recorded transactions have been properly posted to the bank; and all transactions with the bank have been recorded to their records and reported on the financial statements. Failure to post all transactions and to reconcile the accounting system general ledger balance to the bank balance on a regular basis increases the risk of unauthorized or inaccurate transactions, undetected errors, and loss or misappropriation of funds occurring without timely detection. We recommend that the Fiscal Officer perform a detailed reconciliation between the bank balance and the Village's general ledger balance monthly. The reconciled account balance (bank balance, less outstanding checks, plus deposits in transit) plus any investment balance should equal the total fund balance. Any variances should be immediately investigated and an explanation provided for any adjustments needed to be made each month to the accounting system. In addition, the Fiscal Officer should review checks which are outstanding for six or more months to determine the reason they have not been cashed and establish procedures to pay those stale dated checks into an unclaimed money fund. We further recommend that the Village Manager, a member of Council or all Council members review and sign off on the reconciliations thereby indicating approval and monitoring the timeliness of these bank reconciliations.

Officials' Response:

Adjustment was posted 12/31/2009. All Council members sign verification of receipt of monthly reconciliation reports, appropriation and revenue summaries and check register.

FINDING NUMBER 2008-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 733.28, requires the Village Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

In addition, **Ohio Administration Code, Section 117-2-02**, states in part that

- (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Village had the following posting errors which resulted in audit adjustments to the financial statements:

- In FY 2008, \$307,037 of tax revenue was recorded in the Fire & EMS Operating fund instead of to the EMS fund;
- In FY 2008, \$49,188, \$18,862, \$4,140 and \$241, respectively, of Deregulation, Homestead & Rollback, HB 66 Tax Loss Reimbursement and personal property exemption was recorded in the Fire & EMS Operating Fund instead of the Ambulance fund;
- In FY 2008, \$2,957, \$4,140 and \$1,479 of HB 66 Tax Loss Reimbursement was recorded as taxes instead of intergovernmental in the General, Police and Fire Funds, respectively;
- In FY 2008, \$172, \$150 and \$86 of Personal Property Exemption was recorded as taxes instead of intergovernmental in the in the General, Police and Fire Funds, respectively;
- In FY 2008, \$18,860 and \$1,529 of motor vehicle license tax revenue was recorded as taxes instead of intergovernmental in the Street Fund and State Highway funds, respectively;
- In FY 2008, \$185 of manufactured homestead and rollback was recorded in the General fund instead of \$80 to the Police fund, \$25 to the Fire fund and \$79 to the Ambulance fund;
- In FY 2007, \$283,450 of tax revenue was recorded in the Fire & EMS Operating fund instead of to the EMS fund;
- In FY 2007, \$4,823 of General fund tax revenue was not posted to the accounting system general ledger;
- In FY 2007, \$38,400 tax revenue was recorded in the Fire & EMS Operating fund instead of to the Fire Fund;
- In FY 2007, \$49,182, \$17,006, \$2,859 and \$482, respectively, of Deregulation, Homestead & Rollback, HB 66 Tax Loss Reimbursement and personal property exemption was recorded in the Fire & EMS Operating Fund instead of the Ambulance fund;

**FINDING NUMBER 2008-002
(Continued)**

- In FY 2007, \$336 of motor vehicle license tax revenue was recorded in the Street fund instead of to the State Highway fund;
- In FY 2007, \$13,000 and \$5,305, respectively, of CDBG and Liquor Permit Fees were recorded as miscellaneous revenue instead of intergovernmental revenue in the General fund;
- In FY 2008, \$134 of manufactured homestead and rollback was recorded in the General fund instead of \$58 to the Police fund, \$18 to the Fire fund and \$58 to the Ambulance fund

Failure to accurately maintain the Village's accounting records reduces the accountability over Village funds, reduces the Council's ability to monitor financial activity, and increases the risk that errors, theft, and fraud will occur and not be detected.

We recommend the Village Fiscal Officer accurately maintain the Village's accounting records using the Village Officers Handbook as guidance. In addition, an effective monitoring control system should be implemented to assist management in detecting posting errors and material misstatements in financial information. This could include the Council reviewing and approving at the minimum monthly financial reports, bank reconciliations, fund balances, utility reports and budget-to-actual data. Reviewing monthly reports allows Council to evaluate the budget and the efficiency of the departments. These reviews and approvals should be noted in the minutes of Council.

Officials' Response:

We did not receive a response from officials to this finding.

FINDING NUMBER 2008-003

Noncompliance Citation/Significant Deficiency

Ohio Water Development Authority Loan Water Pollution Control Loan Fund Agreement 1971 and 1994 Article IV Section 4.3(a) states that "the Village at all times will charge rates for the services of the system. The revenues from the system should at least equal, after meeting such operation and maintenance expenses, the amount of principal and interest debt service requirements necessary in any succeeding year to meet interest and principal maturities of all loans secured solely by revenues of the System."

The Sewer System had operating revenue of \$408,215 and operating expenditures of \$282,145 in 2007 which resulted in an operating income of \$126,073. The Sewer System had an operating income of \$358,833 and operating expenditures of \$253,607 in 2008 which resulted in an operating income of \$105,226. The Village did not have the funds to cover the next year debt obligations (\$172,394 for 2008 and 2007) as required by the loan covenants for both 2007 and 2008. The Village transferred money from the General Fund to meet their debt obligations. The possible effects of the Village's noncompliance with the loan covenants include acceleration of the payment of loan principal upon request of the Director of OWDA. As of the date of the audit opinion, the Director had not requested acceleration of the payment of the principal. We recommend that the Village assess their rates and increase them if necessary to comply with the revenue requirement established in the debt covenant.

Officials' Response:

We are aware of this situation. The Village obtained a reimbursement loan from OWDA in 2009. The 2010 operating income budget \$360,000*, anticipated expenses \$461,426. Estimated EOY fund balance \$11,300 (*2010 tap fees will be higher than original budget).

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the 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 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 the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the 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 Certificate – Fiscal officers 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 account 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 certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds for purchase commitments for 26% of expenditures tested in 2008 and 16% of expenditures tested in 2007 and neither of the exceptions above applied. Purchase orders should be issued in advance. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that 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 2008-004
 (Continued)**

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

Blanket certificates, purchase orders or then and now purchase orders are used.

FINDING NUMBER 2008-005

Noncompliance Citation

Ohio Rev. Code, Section 5705.10(H), provides that money paid into any fund shall be used only for the purpose for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The following funds had negative fund balances at year end:

Fund	Fund Balance at December 31, 2007
Special Revenue – Street Maintenance & Repair	\$(8,054)
Special Revenue - Police Levy	(52,134)
Special Revenue – Fire Levy	(1,961)
Capital Projects – Sycamore Street Drainage	(15,098)
Capital Projects – Land Capital Improvement	(435)
Capital Projects – Fire Capital Improvement	(11,499)
Capital Projects – Life Squad Capital Improvement	(51,479)
Capital Projects – Union Square	(6,034)
Capital Projects – Augusta Boat Ramp	(14,165)
Capital Projects – Sewer Line Bethel N.R. Road	(30,194)
Capital Projects – Old US 52	(47,497)
Enterprise – Sewer Debt	(8,584)
Enterprise – Sewer Construction	(16,311)
Enterprise – Walnut Street Drainage	(30,995)

Fund	Fund Balance at December 31, 2008
General	\$(8,330)
Capital Projects – Land Capital Improvement	(435)
Enterprise – Sewer	(10,029)

We recommend that the Village reconcile, monitor fund balances, and take corrective action to ensure positive fund balances.

Officials' Response:

We agree with this finding. All funds had a positive balance at the end of 2009.

FINDING NUMBER 2008-006

Noncompliance Citation

Ohio Rev. Code, Section 5705.28(A)(2), states that the taxing authority of any political subdivision shall adopt a tax budget for the next succeeding fiscal year on or before July 15.

The Village did not adopt the 2007 tax budget and did not adopt the 2008 tax budget until Sept. 11, 2007. We recommend that the Village adhere to the above statute to allow for compliance with this requirement and to assist the Village in budgeting yearly.

Officials' Response:

We agree with this finding. Tax budgets are now adopted in a timely manner.

FINDING NUMBER 2008-007

Noncompliance Citation

Ohio Rev. Code, Section 5705.34, states in part that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st, unless a later date is approved by the tax commissioner.

The Village did not certify the tax levies for 2007 and did not certify the tax levies for 2008 until October 9, 2007. We recommend that the Village adopt an ordinance or resolution authorizing the necessary tax levies by October 1st each year.

Officials' Response:

We agree with this finding. Resolution will be adopted in a timely manner.

FINDING NUMBER 2008-008

Noncompliance Citation

Ohio Rev. Code, Section 5705.36(A)(1), provides in part that on or about the first day of each fiscal year, the Fiscal Officer of each subdivision and other taxing unit shall certify to the county auditor the total amount available for expenditures from each fund set up in the tax budget. This certified amount shall include any unencumbered balances that existed at the end of the preceding year.

The Village did not certify to the County Auditor the total amount from all sources which were available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year for ended December 31, 2007 and 2008. We recommend that the Village adhere to the above statute to allow for compliance with this requirement and to assist the Village in maintaining accurate balances and encumbrances.

Officials' Response:

We agree with this finding. The Village will obtain a certificate of estimated resources as of January 1, each year.

FINDING NUMBER 2008-009

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that appropriations for each fund shall not exceed the estimated revenue available for expenditure as certified by the County Budget Commission. The following funds were found to have appropriations in excess of the amount certified as available by the Budget Commission for 2007:

Fund	Estimated Resources	Appropriations	Variance
General	\$614,461	\$619,311	\$(4,850)
Special Revenue – State Highway	18,141	114,249	(96,108)
Special Revenue – Fire EMS Levy	636,529	692,965	(56,436)
Capital Projects – Augusta Boat Ramp	0	50,366	(50,366)

The following funds were found to have appropriations in excess of the amount certified as available by the Budget Commission for 2008:

Fund	Estimated Resources	Appropriations	Variance
Enterprise - Water	\$290,994	\$318,317	\$(27,323)
Enterprise – Sewer	470,347	537,536	(67,189)
Enterprise - Sewer Plant Debt	182,000	260,000	(78,000)
Trust & Agency – Resident Escrow Account	2,000	5,000	(3,000)

We recommend that the Village adhere to the above statute to ensure for compliance with this requirement which will assist them in not expending resources that are unavailable and incurring negative fund balances.

Officials' Response:

We agree with this finding, the Village will obtain an amended certificate of estimated resources at the end of each year.

FINDING NUMBER 2008-010

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had expenditures that exceeded appropriations during fiscal year 2007 in the following funds:

Fund	Expenditures	Appropriations	Variance
Special Revenue – Street Maintenance & Repair	\$102,769	\$0	\$(102,769)
Special Revenue – Cemetery	15,645	14,879	(766)
Special Revenue – Fire Levy	118,477	0	(118,477)
Special Revenue – EMS Levy	350,698	0	(350,698)
Special Revenue – FEMA	446	0	(466)
Capital Projects– Bethel N.R. Phase VI	38,697	17,210	(21,487)
Capital Projects – Walnut Street Drainage	227,224	0	(227,224)
Trust & Agency – Rickett Escrow	500	0	(500)
Trust & Agency – Detention Pond	2,882	0	(2,882)

Expenditures plus encumbrances exceeded appropriations at fiscal year-end 2008 in the following funds:

Fund	Expenditures	Appropriations	Variance
General	\$719,170	\$557,415	\$(161,755)
Special Revenue – Street Maintenance & Repair	110,957	106,798	(4,159)
Special Revenue – State Highway	8,146	5,570	(2,576)
Special Revenue – Cemetery	19,339	5,800	(13,539)
Special Revenue – FEMA Mitigation	3,911	0	(3,911)
Special Revenue – Tree	4,450	4,000	(450)
Special Revenue – Drug Law Enforcement	10,267	10,000	(267)
Special Revenue – Fire Levy	126,944	100,633	(26,311)
Special Revenue – EMS Levy	426,497	0	(426,497)
Debt – Walnut Street Loan	11,507	0	(11,507)
Debt - Old 52 Improvement Loan	12,128	0	(12,128)
Debt – Sycamore Street Improvement Loan	5,032	0	(5,032)
Debt – Bethel N.R. Sewer Line Loan	7,488	0	(7,488)
Debt – Water Well Loan	29,067	0	(29,067)
Debt – Bethel N.R. Sewer Loan	9,474	0	(9,474)
Capital – Old 52 Water Line	425	0	(425)
Enterprise – Sewer	547,981	537,536	(10,445)
Trust & Agency – Rickett Escrow	19,126	0	(19,126)

**FINDING NUMBER 2008-010
 (Continued)**

We recommend that the Village adhere to the above statute to allow for compliance with this requirement, monitor budgetary activity and obtain supplemental appropriations throughout the year to mitigate negative variances.

Officials' Response:

We agree with the finding, appropriations will be amended throughout the year.

FINDING NUMBER 2008-011

Noncompliance Citation

Ohio Rev. Code, Section 5705.36(A)(4), requires that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the budget commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2008 estimated receipts exceeded actual receipts in the following funds:

Fund	Estimated Receipts	Actual Receipts	Variance
Special Revenue – Fire and EMS Operating	\$778,108	\$408,818	\$(369,290)

At December 31, 2007 estimated receipts exceeded actual receipts in the following funds:

Fund	Estimated Receipts	Actual Receipts	Variance
General	\$613,317	\$605,489	\$(7,828)
Special Revenue – State Highway	11,500	7,015	(4,485)
Special Revenue – Fire and EMS Operating	636,529	399,230	(237,299)
Special Revenue – Home Repair Program	3,100	3,032	(68)
Enterprise – Water	324,500	313,973	(10,257)

These deficiencies reduced available resources below the level of current appropriations and the fiscal officer did not certify the deficiency or amend the certificate. Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriations can result in overspending and negative fund balances. We recommend the Village monitor estimated and actual receipts and obtain amendments when required.

Officials' Response:

We agree with the finding, amended certificate of estimated resources will be obtained timely.

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**VILLAGE OF NEW RICHMOND
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Section 733.28, not accurately maintaining books.	No	Reissued as finding 2008-002.
2006-002	Lack of financial monitoring.	No	Reissued as finding 2008-001 and 2008-002.
2006-003	Lack of internal controls over EMS billing. No Tier II SAS 70 for Paycor and Med3000.	Yes	
2006-004	ORC Section 149.351(A), destruction of records.	Yes	
2006-005	Noncompliance with Debt Covenant.	No	Reissued as finding 2008-003.
2006-006	ORC Sections 135.18(A) and 135.181, lack of adequate security coverage for their deposits.	Yes	
2006-007	ORC Section 5705.41(D), failure to properly certify the availability of funds.	No	Reissued as finding 2008-004.
2006-008	ORC Section 5705.10, negative fund balances	No	Reissued as finding 2008-005.
2006-009	ORC Section 5705.28(A)(2), failure to adopt budget by the required date.	No	Reissued as finding 2008-006.
2006-010	ORC Section 5705.34, failure to certify tax levies by the required date.	No	Reissued as finding 2006-007.
2006-011	ORC Section 5705.36(A)(1), failure to certify to the total amount from all sources	No	Reissued as finding 2006-008.
2006-012	ORC Section 5705.36(A)(2), failure to obtain amended certificates.	No	Reissued as finding 2008-011.
2006-013	ORC Section 5705.39, appropriations exceeding estimated revenue	No	Reissued as finding 2008-009.
2006-014	ORC Section 5705.41(B). expenditures exceeding appropriations	No	Reissued as finding 2008-010.
2006-015	Ohio Admin Code Section 117-2-02	No	Reissued as finding 2008-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW RICHMOND

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 1, 2010