

**VILLAGE OF RICHFIELD
SUMMIT COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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



Dave Yost • Auditor of State

Members of Council
Village of Richfield
4410 Streetsboro Road
Richfield, Ohio 44286

We have reviewed the *Report of Independent Accountants* of the Village of Richfield, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 17, 2012

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**VILLAGE OF RICHFIELD
SUMMIT COUNTY
For the Years Ended December 31, 2011 and 2010**

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

INDEPENDENT ACCOUNTANTS' REPORT

Village of Richfield
Summit County
4410 Streetsboro Road
Richfield, Ohio 44286

To the Village Council:

We have audited the accompanying financial statements of the Village of Richfield, Summit County, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

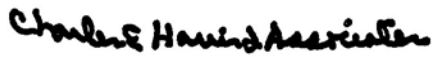
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the 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, 2011 and 2010 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, 2011, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of Richfield, Summit County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Richfield, Summit County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2012, 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.



CHARLES E. HARRIS & ASSOCIATES, INC.
May 15, 2012

Village of Richfield, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 414,220	\$ 118,903	-	\$ 176,442	\$ 709,565
Municipal Income Tax	-	7,762,885	-	24,425	7,787,310
Intergovernmental	418,415	270,209	-	40,000	728,624
Special Assessments	-	-	\$ 584,054	28,192	612,246
Charges for Services	999,990	109,548	-	2,206	1,111,744
Fines, Licenses and Permits	99,136	1,810	-	1,380	102,326
Earnings on Investments	10,163	713	-	-	10,876
Gift & Donations	25,081	-	-	-	25,081
Insurance refunds	62,308	-	-	-	62,308
Miscellaneous	35,631	623	-	3,178	39,432
<i>Total Cash Receipts</i>	<u>2,064,944</u>	<u>8,264,691</u>	<u>584,054</u>	<u>275,823</u>	<u>11,189,513</u>
Cash Disbursements					
Current:					
Security of Persons and Property	4,001,401	125,732	-	-	4,127,133
Public Health Services	70,032	842	-	-	70,874
Leisure Time Activities	64,853	178,062	-	-	242,915
Community Environment	165,491	-	-	-	165,491
Basic Utility Services	240,914	12,604	-	-	253,518
Transportation	-	1,779,645	-	-	1,779,645
General Government	732,558	523,581	28,897	-	1,285,036
Capital Outlay	-	-	-	1,106,484	1,106,484
Debt Service:					
Principal Retirement	-	-	1,473,208	21,506	1,494,714
Interest and Fiscal Charges	-	-	346,315	14,339	360,654
<i>Total Cash Disbursements</i>	<u>5,275,249</u>	<u>2,620,466</u>	<u>1,848,420</u>	<u>1,142,329</u>	<u>10,886,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,210,305)</u>	<u>5,644,225</u>	<u>(1,264,366)</u>	<u>(866,506)</u>	<u>303,048</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	-	104,265	104,265
Transfers In	3,604,112	1,507,778	1,232,767	689,331	7,033,988
Transfers Out	-	(7,033,988)	-	-	(7,033,988)
Advances In	-	-	82,000	165,000	247,000
Advances Out	(247,000)	-	-	-	(247,000)
Other Financing Sources	-	10,000	-	-	10,000
Other Financing Uses	-	-	-	(118,493)	(118,493)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,357,112</u>	<u>(5,516,210)</u>	<u>1,314,767</u>	<u>840,103</u>	<u>(4,228)</u>
<i>Net Change in Fund Cash Balances</i>	146,807	128,015	50,401	(26,403)	298,820
<i>Fund Cash Balances, January 1</i>	<u>645,725</u>	<u>985,738</u>	<u>285,161</u>	<u>3,682,315</u>	<u>5,598,939</u>
Fund Cash Balances, December 31					
Restricted	-	1,113,753	335,562	1,847,774	3,297,089
Committed	-	-	-	1,808,138	1,808,138
Unassigned (Deficit)	792,532	-	-	-	792,532
<i>Fund Cash Balances, December 31</i>	<u>\$792,532</u>	<u>\$1,113,753</u>	<u>\$335,562</u>	<u>\$3,655,912</u>	<u>\$5,897,759</u>

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

Village of Richfield, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2011

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$ 1,183,383	-	\$ 1,183,383
Fines, Licenses and Permits	19,900	-	19,900
Income tax	-	\$ 75,668	75,668
Miscellaneous	13,294	11,350	24,644
<i>Total Operating Cash Receipts</i>	<u>1,216,577</u>	<u>87,018</u>	<u>1,303,595</u>
Operating Cash Disbursements			
Personal Services	133,870	-	133,870
Employee Fringe Benefits	38,112	-	38,112
Contractual Services	841,646	69,787	911,433
Supplies and Materials	237,338	608	237,946
Other	-	6,550	6,550
<i>Total Operating Cash Disbursements</i>	<u>1,250,966</u>	<u>76,946</u>	<u>1,327,912</u>
<i>Operating Income (Loss)</i>	(34,389)	10,072	(24,317)
Non-Operating Receipts (Disbursements)			
Earnings on Investments	1,904	-	1,904
Other Financing Sources	-	67,865	67,865
Other Financing Uses	-	(67,865)	(67,865)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,904</u>	<u>-</u>	<u>1,904</u>
<i>Net Change in Fund Cash Balances</i>	(32,485)	10,072	(22,413)
<i>Fund Cash Balances, January 1</i>	<u>1,123,775</u>	<u>95,703</u>	<u>1,219,478</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,091,290</u>	<u>\$ 105,775</u>	<u>\$ 1,197,065</u>

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

Village of Richfield, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2010

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 405,216	\$ 121,354	-	\$ 271,941	\$ 798,511
Municipal Income Tax	-	6,904,707	-	-	6,904,707
Intergovernmental Receipts	387,389	280,367	\$ 929,077	88,186	1,685,019
Special Assessments	-	-	491,937	-	491,937
Charges for Services	1,073,601	83,056	-	36,596	1,193,253
Fines, Licenses and Permits	121,745	1,525	-	1,710	124,980
Earnings on Investments	18,440	3,167	-	-	21,607
Gifts and Donations	30,000	-	-	-	30,000
Miscellaneous	28,950	7,475	-	10,000	46,425
<i>Total Cash Receipts</i>	<u>2,065,341</u>	<u>7,401,651</u>	<u>1,421,014</u>	<u>408,433</u>	<u>11,296,439</u>
Cash Disbursements					
Current:					
Security of Persons/Property	3,893,112	127,294	-	-	4,020,406
Public Health Services	79,027	3,872	-	-	82,899
Leisure Time Activities	68,528	169,839	-	-	238,367
Community Environment	419,626	-	-	-	419,626
Basic Utility Service	228,488	15,712	-	-	244,200
Transportation	-	1,698,524	-	-	1,698,524
General Government	816,711	364,394	28,200	-	1,209,305
Capital Outlay	-	-	-	2,372,485	2,372,485
Debt Service:					
Principal Retirement	-	-	2,361,793	20,896	2,382,689
Interest and Fiscal Charges	-	-	403,546	14,949	418,495
<i>Total Cash Disbursements</i>	<u>5,505,492</u>	<u>2,379,635</u>	<u>2,793,539</u>	<u>2,408,330</u>	<u>13,086,996</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,440,151)	5,022,016	(1,372,525)	(1,999,897)	(1,790,557)
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	500,000	1,019,318	1,519,318
Transfers-In	3,669,733	1,467,598	772,535	473,441	6,383,307
Transfers-Out	-	(6,383,307)	-	-	(6,383,307)
Other Financing Uses	-	-	-	(73,594)	(73,594)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,669,733</u>	<u>(4,915,709)</u>	<u>1,272,535</u>	<u>1,419,165</u>	<u>1,445,724</u>
<i>Net Change in Fund Cash Balances</i>	229,582	106,307	(99,990)	(580,732)	(344,833)
Fund Cash Balance, January 1	<u>416,143</u>	<u>879,431</u>	<u>385,151</u>	<u>4,263,047</u>	<u>5,943,772</u>
Fund Cash Balance, December 31	<u>\$ 645,725</u>	<u>\$ 985,738</u>	<u>\$ 285,161</u>	<u>\$ 3,682,315</u>	<u>\$ 5,598,939</u>
Reserves for Encumbrances	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,669</u>	<u>\$ 167,678</u>

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

Village of Richfield, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2010

	Proprietary Fund Type <u>Enterprise Funds</u>	Fiduciary Fund Type <u>Agency Fund</u>	Total (Memorandum Only) <u>Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,184,193	-	\$ 1,184,193
Fines, Licenses and Permits	9,901	-	9,901
Income tax	-	\$ 30,851	30,851
Miscellaneous	-	5,000	5,000
	<u>1,194,094</u>	<u>35,851</u>	<u>1,229,945</u>
<i>Total Operating Cash Receipts</i>			
Operating Cash Disbursements:			
Personal Services	92,280	-	92,280
Contractual Services	604,015	28,973	632,988
Supplies and Materials	168,182	-	168,182
	<u>864,477</u>	<u>28,973</u>	<u>893,450</u>
<i>Total Operating Cash Disbursements</i>			
<i>Operating Income (Loss)</i>	329,617	6,878	336,495
Non-Operating Receipts/(Disbursements)			
Other Financing Sources	-	66,549	66,549
Other Financing Uses	(500,000)	(66,549)	(566,549)
	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
<i>Total Non-Operating Receipts/(Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(170,383)	6,878	(163,505)
<i>Fund Cash Balance, January 1</i>	<u>1,294,158</u>	<u>88,825</u>	<u>1,382,983</u>
<i>Fund Cash Balance, December 31</i>	<u>\$ 1,123,775</u>	<u>\$ 95,703</u>	<u>\$ 1,219,478</u>
<i>Reserves for Encumbrances</i>	<u>\$ 48,826</u>	<u>\$ -</u>	<u>\$ 48,826</u>

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Richfield, Summit County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general governmental services, water and sewer utilities, park operations, and police and fire services

The Village participates in the Richfield Light Industrial/Office Joint Economic Development District (JEDD), a jointly governed organization, and Ohio Government Risk Management Plan, a public entity risk pool. Notes 9 and 12 to the financial statements provide additional information for these organizations.

Jointly Governed Organization:

Richfield Light Industrial/Office Joint Economic Development District (JEDD) was formed by the Village of Richfield and Richfield Township in accordance with Sections 715.72 and 715.82 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of October 24, 2005. The JEDD fund is used to account for the income tax collected and distributed from the Township of Richfield for the extension of sewer and water lines. The Village of Richfield is the fiscal agent for JEDD. See Note 12.

Public Entity Risk Pool:

Ohio Government Risk Management 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 was legally separate from its member governments. See Note 9.

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 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.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies

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:

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

Income Tax Fund – This fund is used to record the collection of self assessed taxes, the cost of collecting such taxes, and the distribution to various other funds in accordance with Village ordinances.

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 Funds.

Bond Retirement Fund - This fund is used to account for resources used to repay various bond anticipation notes.

Special Assessment Sewer District #1, #2, #3 and Motor Road Funds - These funds are used to account for the assessments collected from property owners for the purpose of repaying Ohio Water Development Authority loans obtained for installing sewer lines.

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 funds:

Capital Improvement Fund – This fund receives funds transferred from the Income Tax Fund. Funds are used for capital improvement and purchase of major equipment.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

4. Capital Project Funds (continued)

Land Building Acquisition Fund - This fund receives funds transferred from the Income Tax Fund. Funds are used to purchase land for municipal purposes.

Brecksville Road Fund - This fund received general obligation bonds proceeds, OPWC loan proceeds, etc. The funds are used to reconstruct major sections of Brecksville Road.

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 Fund:

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

6. Fiduciary Funds

Fiduciary funds include agency funds. 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 governments. The Village had the following significant agency funds:

Contractor Retainage Fund - This fund is used to account for moneys retained by the Village and placed in escrow accounts until the contract is completed.

Joint Economic Development District Fund - This fund is used to account for the income tax collected and distributed from the Township of Richfield for the extension of sewer and water lines. The Village of Richfield is fiscal agent for the District. See Note No. 12.

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

VILLAGE OF RICHFIELD
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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.

3. Committed

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

VILLAGE OF RICHFIELD
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. **Summary of Significant Accounting Policies (continued)**

E. **Fund Balance (continued)**

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:

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments (continued)

	2011	2010
Demand deposits	\$ 2,672,658	\$ (154,044)
Certificate of deposit	4,422,166	4,945,368
Total deposits	7,094,824	4,791,324
Repurchase agreement (Sweep accounts)	-	2,027,093
Total investments	-	2,027,093
Total deposits and investments	\$ 7,094,824	\$ 6,818,417

The negative demand deposits in 2010 are caused by investments in overnight repurchase agreements.

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

Investments:

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,673,634	\$ 5,669,056	\$ (4,578)
Special Revenue	9,772,463	9,782,469	10,006
Debt Service	1,869,921	1,898,821	28,900
Capital Projects	1,304,369	1,234,419	(69,950)
Enterprise	1,218,480	1,218,481	1
Total	\$ 19,838,867	\$ 19,803,246	\$ (35,621)

2011 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,751,371	\$ 5,522,249	\$ 229,122
Special Revenue	9,848,738	9,654,456	194,282
Debt Service	1,865,682	1,848,420	17,262
Capital Projects	1,630,716	1,260,822	369,894
Enterprise	1,326,833	1,250,966	75,867
Total	\$ 20,423,340	\$ 19,536,913	\$ 886,427

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (continued)

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,740,435	\$ 5,735,074	\$ (5,361)
Special Revenue	8,871,960	8,869,249	(2,711)
Debt Service	2,765,338	2,693,549	(71,789)
Capital Projects	2,001,013	1,901,192	(99,821)
Enterprise	1,194,726	1,194,094	(632)
Total	\$ 20,573,472	\$ 20,393,158	\$ (180,314)

2010 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,727,327	\$ 5,505,501	\$ 221,826
Special Revenue	8,881,685	8,762,942	118,743
Debt Service	2,793,753	2,793,539	214
Capital Projects	2,873,211	2,649,593	223,618
Enterprise	1,446,354	1,413,303	33,051
Total	\$ 21,722,330	\$ 21,124,878	\$ 597,452

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Village.

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

5. Local Income Tax

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest
General Obligation Bond Anticipation Notes	\$ 2,344,000	4.09-4.53%
OWDA Loans	3,161,891	2.93-8.04%
OPWC Loans	682,253	0%
Series 2010 Bond Anticipation Note	500,000	0.51%
TOTAL	<u>\$ 6,688,144</u>	

The Ohio Public Works Commission (OPWC) project loans were obtained for the purpose of extending the City of Cleveland's water lines and to pave streets. The loans are being paid over a 20 year period. The loans are collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) project loans were obtained for the purpose of installing sewer/water lines. The OWDA loan #s 1842, 1843, and 1844 obtained in 2008 are paid over a period ranging from 9 to 10 years. These were obtained for the installation of sewer lines and are paid from special assessments collected from property owners. OWDA loan # 4253V was obtained for the Water Main Town Hall installation. It is being paid over an 18 year period in installments of \$40,032 a year. It is collateralized by water and sewer receipts. The OWDA loan # 4666 was obtained for the installation of a sewer extension. It is being paid over a period of 20 years at \$29,596 a year. It is collateralized by property taxes collected by the Village.

In 2010, the Village was approved for another OWDA loan/grant # 5198 for sewer construction in Motor Street. OWDA disbursed a total of \$1,123,566 to the Village from 2010 and 2011. Of this, \$929,077 qualified as an ARRA grant under the WPCLF principal forgiveness program, while \$194,507 was a 20-year loan at 2.93% annual interest rate. The loan is being paid out of the special assessments collected from property owners at \$6,460 a year. The amortization schedule was not available by the end of December 31, 2011.

The Village has two general obligation bond anticipation notes issued during prior audits. They were issued in anticipation of the issuance of bonds to pay the costs of various capital projects. The original principal amount for each bond anticipation note was \$8,970,000 and \$1,100,000.

In 2010, the Village issued a \$500,000 Bond Anticipation Note in anticipation of the issuance of bonds to repay a portion of 2010 maturity of outstanding notes and pay for the costs of the Brecksville Road project and the construction of the administration building. The bond was purchased by the Village Enterprise Fund at a floating interest rate structure. The interest rate determined on the closing date and each redetermination date will be 100% of the Bond Buyer One-Year-Note Index for the week preceding the closing date or the redetermination date. The maximum interest on the Note is 2.2% per annum. The initial interest rate will be established in the closing date and will be in effect until the first Redetermination Date. The interest rate will be reset on each Redetermination Date and will remain in effect until the following Redetermination Date. The principal will be repaid in installments of \$70,000 a year from 2014 through 2019 and \$80,000 on 2020. During the audit period, the floating interest rate ranged from 0.29% to 0.54%. The amortization schedule with the floating interest rate is not available for future years.

Ohio Revised Code numbers 135.14 and 731.57 to 59 govern the issuance of the bonds. The Village is in compliance with the Ohio Revised Code.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (continued)

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

Years Ending December 31	OWDA Loans	OPWC Loans	GO Bond Anticipation Note	2010 Bond Anticipation Note (excluding- floating interest)
2012	\$ 641,569	\$ 51,362	\$ 1,102,798	
2013	645,409	51,362	1,061,128	
2014	649,556	51,362	122,457	\$ 70,000
2015	654,035	51,362	117,474	70,000
2016	269,167	48,238	112,491	70,000
2017-2021	519,140	225,563		290,000
2011-2026	308,106	203,004		
2027	14,798			
	<u>\$ 3,701,780</u>	<u>\$ 682,253</u>	<u>\$ 2,516,348</u>	<u>\$ 500,000</u>

7. Lease Purchase Agreement

During 2007, the Village leased a LifeLine 100 Controller with Power 9-1-1 and Power Map System from AT&T Capital Services with a buyout option of \$1.00 at the end of the lease. The cost of the equipment installation was \$127,322 with total interest of \$22,770. The monthly payments are \$2,502. As of December 31, 2011, the balance owed, including interest was \$17,511.

8. 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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, 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 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. Risk Management

Commercial Insurance

From January 1, 2010 to February 28, 2011, the Village had commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine
- General liability
- Public official's liability
- Employer's liability
- Employee benefits liability; and
- Cemetery liability.

The Village also provides health insurance and dental and vision coverage to full-time employees and their families through a private carrier. The Village also provides life insurance to full-time employees only. There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Risk Pool Membership

On March 1, 2011, the Village joined 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. Risk Management (continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

10. Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

11. Related Party Transactions

A Village Council member is an owner of a company from which the Village acquired business cards and mailing services during the year. The Village paid \$788 and \$719 for these transactions in 2011 and 2010, respectively.

12. Joint Economic Development District

The Village participates in, and is the fiscal agent for, the Richfield Light Industrial/Office Joint Economic Development District (the JEDD). The Village of Richfield and Richfield Township formed the JEDD in accordance with Sections 715.72 through 715.82 of the Revised Code for their mutual benefit and for the benefit of their residents and of the State of Ohio as of October 24, 2005. The JEDD Board of Directors consists of five members: one Township Trustee; the Mayor or an elected member of the Village Council; one representative of business owners in the JEDD; one member representing persons working in the JEDD; and one member appointed by the preceding four members. The JEDD shall facilitate economic development, create or preserve jobs and employment opportunities and improve the economic welfare of the people.

The Board adopted a resolution to levy an income tax on all income as defined in the Village's income tax ordinance at a rate of two percent (2%) in the JEDD in accordance with Section 714.74 of the Ohio Revised Code. Ten percent (10%) of the collected income tax will be distributed with five percent (5%) going to the Village and five percent (5%) going to the Township. The balance of ninety percent (90%) will be distributed in accordance with the JEDD agreement. The JEDD is being handled through an Agency Fund on the Village's financial records.

The JEDD is providing access to water service from the water system of the City of Cleveland.

13. Compliance

Contract to Ohio Revised Code section 5705.41(D), certain expenditures were not certified prior to the commitment or obligation being incurred.

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

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

Village of Richfield
Summit County
4410 Streetsboro Road
Richfield, Ohio 44286

To the Village Council:

We have audited the financial statements of the Village of Richfield, Summit County, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 15, 2012, 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. For the year ended December 31, 2011, we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

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. We consider finding 2011-02 described in the accompanying schedule of findings to be a significant deficiency.

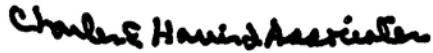
Compliance and Other Matters

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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2011-01 and 03.

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

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 15, 2012.

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



CHARLES E. HARRIS & ASSOCIATES, INC.

May 15, 2012

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Noncompliance and Material Weakness

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should 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 and finance-related legal and contractual requirements and prepare financial statements.

The Village Officers' Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2010 and 2011, the Village started a new project for sewer installation with loan funding from OWDA. The Village booked portions of this loan as intergovernmental receipts. Also, the Village received a principal forgiveness grant from the USEPA for \$929,077 that was not recorded in the books. It should have been recorded as intergovernmental revenue and principal payment. The proceeds of grants, loans and principal payment have been adjusted in the Village financial statements to reflect the proper accounting treatment.

During our testing of receipts and disbursements, we found that special assessment receipts collected by the county auditor for Tax Increment Financing (TIF) were recorded at net instead of gross and the county auditor deductions for fees were not posted in the books. As such, receipts and expenditures were understated. Audit adjustments were made in the financial statements to account for these auditor fees.

We recommend that Village use more caution to ensure all activities of the Village are recorded accurately and make sure all transactions are recorded at gross rather than net. Management should refer to the Village Officers' Handbook for suggested account classification.

Management Response:

Receipts were booked net in order to match the actual ACH deposit amount received by the Village and reflected in the bank statements. The Village will record the gross amounts of TIF receipts and auditor deduction fees as expenses in 2012 even through these receipts and expenses do not go through the Village's treasury.

VILLAGE OF RICHFIELD
SUMMIT COUNTY

SCHEDULE OF FINDINGS – (continued)
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-02

Significant Deficiency

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves accounting for the differences between the balance on the bank statements and the cash and investment balances according to the entity's records.

The Village did not perform monthly cash reconciliation of its cash fund balance with the bank cash balance in a timely manner. Moreover, the Village did not keep a detailed list of outstanding checks at the end of the month. Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner. These reconciliations, along with outstanding check lists were updated in 2012.

We recommend that the Village complete timely formal bank reconciliations for their bank and investment accounts. If there are reconciling items, the Fiscal Officer should determine the accuracy of these items and update the accounting system and records timely. Council can then monitor the Village's monthly financial activity, determine their respective cash position and make sound decisions. Reconciliations should be reviewed by the governing body on a monthly basis and formally approved attesting to their accuracy and completeness and noted in the monthly minute meeting.

Management Response:

In 2010, due to significant health issues of the former Finance Director that resulted in her retirement, monthly cash reconciliations were delayed. A minor adjustment was made to balance with bank statements and we continued to reconcile that adjustment during 2011. All amounts were identified except for a nominal amount. Monthly bank reconciliations are completed in the month following the close of the preceding month. The financial reports and the bank reconciliation/investment reports are shared with the Council and Mayor.

FINDING NUMBER 2011-03

Noncompliance Citation

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

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

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS – (continued)
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)
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FINDING NUMBER 2011-03 – (continued)

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

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

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

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

The Village did not make the proper certification of funds in all instances. Fifteen of 68 transactions tested had the certifications after the obligation date during the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds for all commitments. The Village should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

Management Response:

The Village is trying to ensure that certification of obligations occur in a timely manner. The majority of infractions took place during 2010 during the time the former Finance Director was out ill. Discussions with the Law Director and the Department Directors have been on-going to ensure the certification of funds on all commitments.

**VILLAGE OF RICHFIELD
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
VR-2009-01	ORC 5705.39 – Appropriation exceeding estimated resources	Yes	Finding no longer valid
VR-2009-02	ORC 5705.36(A)(2) – Amending estimated resources	Yes	Finding no longer valid
VR-2009-03	ORC 5705.41(D) – Certification of expenditures	No	Repeat as 2011-03



Dave Yost • Auditor of State

VILLAGE OF RICHFIELD

SUMMIT 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
NOVEMBER 8, 2012