

Village of Richfield, Ohio

Financial Statements

December 31, 2003 and 2002



**Auditor of State
Betty Montgomery**

Honorable Mayor and Members of Council
Village of Richfield
4410 West Streetsboro Road
Richfield, Ohio 44286

We have reviewed the Independent Auditor's Report of the Village of Richfield, Summit County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2002 through December 31, 2003. 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.

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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 17, 2004

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Village of Richfield, Ohio

For The Years Ended December 31, 2003 and 2002

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Independent Auditors' Report

Honorable Mayor and
Members of Council
Village of Richfield, Ohio

We have audited the accompanying financial statements of the Village of Richfield, Ohio (the "Village"), as of and for the years ended December 31, 2003 and 2002, as listed in the Table of Contents. 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Richfield as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Village's Council, Management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
May 5, 2004

Village of Richfield, Ohio

Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types

For The Year Ended December 31, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 305,528	\$ 5,008,594	\$ -	\$ -	\$ 5,314,122
Special assessments	-	-	566,005	-	566,005
Intergovernmental	418,863	193,749	-	33,735	646,347
Charges for services	631,333	68,559	-	118,799	818,691
Fines, licenses and permits	176,818	8,391	-	-	185,209
Earnings on investments	50,914	3,762	4,120	54,800	113,596
Reimbursements received	-	-	-	525,000	525,000
Other revenue	61,008	3,704	-	-	64,712
Total cash receipts	<u>1,644,464</u>	<u>5,286,759</u>	<u>570,125</u>	<u>732,334</u>	<u>8,233,682</u>
Cash disbursements:					
Current:					
Security of persons and property	3,140,525	103,267	-	-	3,243,792
Public health services	50,833	10,072	-	-	60,905
Leisure time activities	45,526	135,490	-	-	181,016
Community environment	339,442	-	-	-	339,442
Basic utility services	146,964	13,585	-	-	160,549
Transportation	-	1,440,183	-	-	1,440,183
General government	581,657	119,416	-	-	701,073
Debt service:					
Principal payments	-	-	6,126,735	95,403	6,222,138
Interest payments	-	-	790,271	14,603	804,874
Capital Outlay	23,449	-	-	2,552,028	2,575,477
Total cash disbursements	<u>4,328,396</u>	<u>1,882,013</u>	<u>6,917,006</u>	<u>2,662,034</u>	<u>15,729,449</u>
Total cash receipts over/(under) cash disbursements	<u>(2,683,932)</u>	<u>3,464,746</u>	<u>(6,346,881)</u>	<u>(1,929,700)</u>	<u>(7,495,767)</u>
Other financing receipts/(disbursements):					
Proceeds from sales of debt	-	-	5,520,000	3,450,000	8,970,000
Transfers – In	2,000,000	1,200,000	871,000	757,078	4,828,078
Proceeds from sale of fixed assets	38,460	-	-	-	38,460
Transfers – Out	(7,078)	(4,661,000)	-	(160,000)	(4,828,078)
Other sources	6,034	-	-	-	6,034
Other uses	-	(94,432)	-	(40,335)	(134,767)
Total other financing receipts/ (disbursements)	<u>2,037,416</u>	<u>(3,555,432)</u>	<u>6,391,000</u>	<u>4,006,743</u>	<u>8,879,727</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(646,516)	(90,686)	44,119	2,077,043	1,383,960
Fund cash balances, January 1	<u>762,392</u>	<u>595,058</u>	<u>345,792</u>	<u>4,661,241</u>	<u>6,364,483</u>
Fund cash balances, December 31	\$ <u>115,876</u>	\$ <u>504,372</u>	\$ <u>389,911</u>	\$ <u>6,738,284</u>	\$ <u>7,748,443</u>
Reserve for encumbrances, December 31	\$ <u>2,160</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>605,521</u>	\$ <u>607,681</u>

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

Village of Richfield, Ohio

Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances – Proprietary Fund Types and Fiduciary Fund Types

For The Year Ended December 31, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	<u> </u>
Operating Cash Revenues:			
Charges for services	\$ 575,517	\$ 3,746	\$ 579,263
Miscellaneous	-	4,862	4,862
Fines, license, and permits	<u>31,850</u>	<u>-</u>	<u>31,850</u>
Total operating cash receipts	<u>607,367</u>	<u>8,608</u>	<u>615,975</u>
Operating Cash Disbursements:			
Personal services	195,726	-	195,726
Travel transportation	1,374	-	1,374
Contractual services	424,415	-	424,415
Community environment	-	6,316	6,316
Supplies and materials	<u>92,027</u>	<u>-</u>	<u>92,027</u>
Total operating cash disbursements	<u>713,542</u>	<u>6,316</u>	<u>719,858</u>
Operating income/(loss)	(106,175)	2,292	(103,883)
Fund cash balances, January 1	<u>233,412</u>	<u>45,045</u>	<u>278,457</u>
Fund cash balances, December 31	\$ <u>127,237</u>	\$ <u>47,337</u>	\$ <u>174,574</u>
Reserve for Encumbrances, December 31	\$ <u>36,399</u>	\$ <u>-</u>	\$ <u>36,399</u>

The accompanying notes are an integral part of these financial statements

Village of Richfield, Ohio

Combined Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types

For The Year Ended December 31, 2002

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 282,208	\$ 4,628,328	\$ -	\$ -	\$ 4,910,536
Special assessments	-	-	506,281	-	506,281
Intergovernmental	562,781	183,690	-	244,262	990,733
Charges for services	612,846	69,490	-	277,007	959,343
Fines, licenses and permits	169,893	8,662	-	-	178,555
Earnings on investments	71,940	-	2,553	64,316	138,809
Other revenue	66,279	2,653	-	25,000	93,932
Total cash receipts	<u>1,765,947</u>	<u>4,892,823</u>	<u>508,834</u>	<u>610,585</u>	<u>7,778,189</u>
Cash disbursements:					
Current:					
Security of persons and property	2,800,739	110,250	-	-	2,910,989
Public health services	45,600	3,320	-	-	48,920
Leisure time activities	56,377	89,236	-	-	145,613
Community environment	312,718	-	-	-	312,718
Basic utility services	162,115	28,215	-	-	190,330
Transportation	-	1,215,765	-	-	1,215,765
General government	520,742	92,758	-	-	613,500
Debt service:					
Principal payments	-	-	539,294	91,914	631,208
Interest payments	-	-	734,040	18,091	752,131
Capital Outlay	-	95,707	-	2,851,909	2,947,616
Total cash disbursements	<u>3,898,291</u>	<u>1,635,251</u>	<u>1,273,334</u>	<u>2,961,914</u>	<u>9,768,790</u>
Total cash receipts over/(under) cash disbursements	<u>(2,132,344)</u>	<u>3,257,572</u>	<u>(764,500)</u>	<u>(2,351,329)</u>	<u>(1,990,601)</u>
Other financing receipts/(disbursements):					
Transfers – In	1,900,000	1,160,200	760,000	1,302,000	5,122,200
Transfers – Out	-	(4,420,000)	-	(702,200)	(5,122,200)
Other sources	5,259	-	-	10,750	16,009
Other uses	-	(77,245)	-	-	(77,245)
Total other financing receipts/ (disbursements)	<u>1,905,259</u>	<u>(3,337,045)</u>	<u>760,000</u>	<u>610,550</u>	<u>(61,236)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(227,085)	(79,473)	(4,500)	(1,740,779)	(2,051,837)
Fund cash balances, January 1	<u>989,477</u>	<u>674,531</u>	<u>350,292</u>	<u>6,402,020</u>	<u>8,416,320</u>
Fund cash balances, December 31	\$ <u>762,392</u>	\$ <u>595,058</u>	\$ <u>345,792</u>	\$ <u>4,661,241</u>	\$ <u>6,364,483</u>
Reserve for encumbrances, December 31	\$ <u>8,804</u>	\$ <u>2,280</u>	\$ <u>-</u>	\$ <u>281,450</u>	\$ <u>292,534</u>

The accompanying notes are an integral part of these financial statements

Village of Richfield, Ohio

Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances – Proprietary Fund Types and Fiduciary Fund Types

For The Year Ended December 31, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Revenues:			
Charges for services	\$ 556,661	\$ 52,173	\$ 608,834
Fines, license and permits	<u>18,550</u>	<u>-</u>	<u>18,550</u>
Total operating cash receipts	<u>575,211</u>	<u>52,173</u>	<u>627,384</u>
Operating Cash Disbursements:			
Personal services	169,855	-	169,855
Travel transportation	1,144	-	1,144
Contractual services	356,830	-	356,830
Community environment	-	61,481	61,481
Supplies and materials	<u>88,307</u>	<u>-</u>	<u>88,307</u>
Total operating cash disbursements	<u>616,136</u>	<u>61,481</u>	<u>677,617</u>
Operating income/(loss)	(40,925)	(9,308)	(50,233)
Fund cash balances, January 1	<u>274,337</u>	<u>54,353</u>	<u>328,690</u>
Fund cash balances, December 31	\$ <u>233,412</u>	\$ <u>45,045</u>	\$ <u>278,457</u>
Reserve for Encumbrances, December 31	\$ <u>23,240</u>	\$ <u>-</u>	\$ <u>23,240</u>

The accompanying notes are an integral part of these financial statements

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 1: The Reporting Entity

A. Description of the Entity

The Village of Richfield, Summit County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Village Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and repurchase agreements are valued at cost.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

Governmental Funds

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 1: The Reporting Entity (continued)

D. Fund Accounting (continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Fund:

Street, Maintenance and Repair

This fund receives allocation of motor vehicle taxes, gas excise taxes, and transfers from Income Tax Fund. Fund used for maintenance of all roadways, storm drainage, snow plowing, etc.

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.

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village has 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, and #3 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.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Projects Fund:

Municipal Building Construction Fund

This fund received general obligation bond proceeds. The proceeds are being used to renovate existing municipal building.

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 1: The Reporting Entity (continued)

D. Fund Accounting (continued)

Brecksville Road Fund

This fund received general obligation bonds proceeds, OPWC loan proceeds, etc. Funds used to reconstruct major sections of Brecksville Road.

Land Building Acquisition Fund

This fund receives funds transferred from Income Tax Fund. Funds are used to purchase land for municipal purposes.

Proprietary Funds

Enterprise Fund

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

Sanitary Sewer Operating Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds

Agency Funds

These funds are used to account for resources for which the Village is acting in an agency capacity. The Village has the following significant agency fund:

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.

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 1: The Reporting Entity (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 object level of control, and appropriations may not exceed estimated resources. The 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

Note 2: Cash, Cash Equivalents and Investments

The Village maintains a cash and investment pool used by all funds. 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, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 2: Cash, Cash Equivalents and Investments (continued)

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 143,861	\$ 254,233
Certificates of deposit	<u>7,109,156</u>	<u>6,048,707</u>
Total deposits	7,253,017	6,302,940
Repurchase Agreements	<u>670,000</u>	<u>340,000</u>
Total deposits and investments	\$ <u>7,923,017</u>	\$ <u>6,642,940</u>

Deposits:

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

Investments:

The Village's agent holds securities collateralizing repurchase agreements. The securities are not in the Village's name.

Note 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,780,588	\$ 3,688,958	\$ (91,630)
Special Revenue	6,567,905	6,486,759	(81,146)
Debt Service	6,899,000	6,961,125	62,125
Capital Projects	5,395,252	4,939,412	(455,840)
Enterprise	<u>620,000</u>	<u>607,367</u>	<u>(12,633)</u>
Total	\$ <u>23,262,745</u>	\$ <u>22,683,621</u>	\$ <u>(579,124)</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 4,565,092	\$ 4,337,634	\$ 227,458
Special Revenue	6,667,420	6,637,445	29,975
Debt Service	6,938,744	6,917,006	21,738
Capital Projects	6,433,935	3,467,890	2,966,045
Enterprise	<u>789,685</u>	<u>749,941</u>	<u>39,744</u>
Total	\$ <u>25,394,876</u>	\$ <u>22,109,916</u>	\$ <u>3,284,960</u>

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 3: Budgetary Activity (continued)

<u>Fund Type</u>	<u>2002 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,508,853	\$ 3,671,206	\$ 162,353
Special Revenue	6,513,117	6,053,023	(460,094)
Debt Service	1,568,000	1,268,834	(299,166)
Capital Projects	2,174,870	1,923,335	(251,535)
Enterprise	<u>620,330</u>	<u>575,211</u>	<u>(45,119)</u>
Total	\$ <u>14,385,170</u>	\$ <u>13,491,609</u>	\$ <u>(893,561)</u>

<u>Fund Type</u>	<u>2002 Budgeted vs. Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 4,279,349	\$ 3,907,095	\$ 372,254
Special Revenue	6,458,444	6,134,776	323,668
Debt Service	1,590,743	1,273,334	317,409
Capital Projects	4,646,812	3,945,564	701,248
Enterprise	<u>761,020</u>	<u>639,376</u>	<u>121,644</u>
Total	\$ <u>17,736,368</u>	\$ <u>15,900,145</u>	\$ <u>1,836,223</u>

Note 4: Property Tax

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public 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 May 30.

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

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 5: Debt

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$ 4,870,291	4.65%-7.00%
Ohio Public Works Commission Loans	1,020,618	0.00%
General Obligation Bond Anticipation Notes	<u>8,970,000</u>	4.09%
Total	\$ <u>14,680,909</u>	

The Ohio Water Development Authority (OWDA) project loans were obtained for the purpose of installing sewer lines. 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 OWDA and OPWC loans will be repaid in aggregate semiannual installments of \$341,498 and \$31,431, respectively, including interest over 21 years. The loans are collateralized by water and sewer receipts.

General obligation bond anticipation notes were issued in anticipation of the issuance of bonds to pay the costs of various capital projects.

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

<u>Year Ending December 31</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Bond Anticipation Notes</u>
2004	\$ 682,996	\$ 40,306	\$ 1,263,873
2005	682,996	62,863	1,227,186
2006	682,996	62,682	1,190,498
2007	590,740	57,113	1,153,811
2008	590,740	51,362	1,117,124
2009-2013	2,953,700	256,810	5,035,309
2014-2018	1,554,009	241,186	-
2019-2023	-	225,560	-
2024	<u>-</u>	<u>22,556</u>	<u>-</u>
Total	\$ <u>7,738,177</u>	\$ <u>1,020,618</u>	\$ <u>10,987,801</u>

Village of Richfield, Ohio

Notes To Financial Statements

December 31, 2003 and 2002

Note 6: Retirement Systems

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participants wages and 24% of fire participants wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2003. The Village has paid all contributions required through December 31, 2003.

Note 7: Risk Management

The Village has obtained 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
- 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.

Note 8: Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



CPAs and Business Advisors

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Honorable Mayor and
Members of Council of the
Village of Richfield, Ohio

We have audited the financial statements of the Village of Richfield, Ohio (the "Village") as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 5, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 02-01 and 03-01.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated May 5, 2004.

This report is intended solely for the information and use of the Village Council, Village Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
May 5, 2004



C&P Advisors, LLC
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Village of Richfield, Ohio

Schedule of Findings

December 31, 2003 and 2002

1. Summary of Auditor's Results

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	Yes

2. Findings Related To The Financial Statements Required To Be Reported In Accordance With GAGAS

02-01	<p>Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>In 2002, the CDBG Capital Projects Fund had appropriations that were greater than the Certificate of Estimated Resources by \$2,985.</p>
03-01	<p>Per ORC Section 5705.39 the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.</p> <p>In 2003, the General Fund, Parks Special Revenue Fund, and the CDBG Capital Projects Fund had appropriations that were greater than the Certificate of Estimated Resources by \$22,044, \$3,557, and \$11,444, respectfully.</p>

3. Other Findings

None.

Village of Richfield, Ohio

Schedule of Prior Audit Findings

December 31, 2003 and 2002

No prior audit findings noted.

Village of Richfield, Ohio
4410 West Streetsboro Road
Richfield, Ohio 44286

Response to Findings Associated With
Audit Conducted In Accordance With
Government Auditing Standards
For The Year Ended December 31, 2003 and 2002

Finding Number	Planned Correction Action	Anticipated Completion Date	Responsible Contact Person
02-01	The Village will monitor appropriations to ensure that they do not exceed estimated resources.	N/A	Eleanor Lukovics, Finance Director
03-01	The Village will monitor appropriations to ensure that they do not exceed estimated resources.	N/A	Eleanor Lukovics, Finance Director

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**Auditor of State
Betty Montgomery**

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800-282-0370

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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
JUNE 29, 2004**