



**Auditor of State
Betty Montgomery**

VILLAGE OF RICHMOND
JEFFERSON COUNTY

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**Auditor of State
Betty Montgomery**

Village of Richmond
Jefferson County
37 West Main Street
P O Box 335
Richmond, Ohio 43944

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 a February 2, 2005 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 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.

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Betty Montgomery
Auditor of State

July 15, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Richmond
Jefferson County
37 West Main Street
P O Box 335
Richmond, Ohio 43944

To the Village Council:

We have audited the accompanying financial statements of Village of Richmond, Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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. 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 Township 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 that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Richmond, Jefferson County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2005, 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.



Betty Montgomery
Auditor of State

July 15, 2005

VILLAGE OF RICHMOND
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$19,791	\$13,230	\$33,021
Intergovernmental Receipts	30,929	58,685	89,614
Fines, Licenses, and Permits	138		138
Earnings on Investments	4,252		4,252
Miscellaneous	675		675
Total Cash Receipts	<u>55,785</u>	<u>71,915</u>	<u>127,700</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	5,597	15,067	20,664
Public Health Services	786		786
Leisure Time Activities	12,326		12,326
Transportation	14,628	16,036	30,664
General Government	27,240		27,240
Debt Service:			
Principal Payments	4,156		4,156
Interest Payments	293		293
Capital Outlay		32,350	32,350
Total Cash Disbursements	<u>65,026</u>	<u>63,453</u>	<u>128,479</u>
Total Receipts Over/(Under) Disbursements	<u>(9,241)</u>	<u>8,462</u>	<u>(779)</u>
Fund Cash Balances, January 1	<u>141,003</u>	<u>13,365</u>	<u>154,368</u>
Fund Cash Balances, December 31	<u>\$131,762</u>	<u>\$21,827</u>	<u>\$153,589</u>

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

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$70,551
Total Operating Cash Receipts	70,551
Operating Cash Disbursements:	
Personal Services	10,768
Fringe Benefits	2,530
Contractual Services	32,675
Supplies and Materials	1,579
Other	109
Total Operating Cash Disbursements	47,661
Operating Income/(Loss)	22,890
Non-Operating Cash Receipts:	
Special Assessments	258
Total Non-Operating Cash Receipts	258
Net Receipts Over/(Under) Disbursements	23,148
Fund Cash Balances, January 1	232,611
Fund Cash Balances, December 31	\$255,759

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

VILLAGE OF RICHMOND
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$17,746	\$12,359			\$30,105
Intergovernmental Receipts	20,656	22,552		\$53,785	96,993
Fines, Licenses, and Permits	1,695				1,695
Earnings on Investments	4,446				4,446
Miscellaneous	629	71		200	900
Total Cash Receipts	45,172	34,982		53,985	134,139
Cash Disbursements:					
Current:					
Security of Persons and Property	5,880	13,928			19,808
Public Health Services	789				789
Leisure Time Activities	6,133				6,133
Transportation	32,397	22,526			54,923
General Government	32,206				32,206
Debt Service:					
Principal Payments	3,623		\$320		3,943
Interest Payments	455		51		506
Capital Outlay				53,985	53,985
Total Cash Disbursements	81,483	36,454	371	\$53,985	172,293
Total Receipts Over/(Under) Disbursements	(36,311)	(1,472)	(371)		(38,154)
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	1,200				1,200
Transfers-In			371		371
Advances-In	1,000	1,000			2,000
Transfers-Out	(5,916)				(5,916)
Advances-Out	(1,000)	(1,000)			(2,000)
Total Other Financing Receipts/(Disbursements)	(4,716)		\$371		(4,345)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(41,027)	(1,472)			(42,499)
Fund Cash Balances, January 1	182,030	14,837			196,867
Fund Cash Balances, December 31	\$141,003	\$13,365			\$154,368

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

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$66,631
Total Operating Cash Receipts	66,631
Operating Cash Disbursements:	
Personal Services	13,255
Fringe Benefits	2,549
Contractual Services	21,095
Supplies and Materials	3,173
Other	12
Total Operating Cash Disbursements	40,084
Operating Income/(Loss)	26,547
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	284
Total Non-Operating Cash Receipts	284
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	26,831
Transfers-In	5,545
Net Receipts Over/(Under) Disbursements	32,376
Fund Cash Balances, January 1	200,235
Fund Cash Balances, December 31	\$232,611

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

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Richmond, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including water utilities, park operations (leisure time activities), street repair and maintenance, and police protection. The Village contracts with the Richmond Volunteer Fire Department to receive fire protection services and ambulance services.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

VILLAGE OF RICHMOND
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Debt Service Fund

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

General Debt Service Fund - This fund is used to accumulate funds and make payments on a loan. The loan was obtained to purchase a police cruiser.

4. Capital Project Fund

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:

Issue II Fund - This fund receives intergovernmental revenue for a street paving project.

5. Enterprise Fund

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

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2004 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.

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$207,991	\$136,037
Certificates of deposit	201,357	250,942
Total deposits	\$409,348	\$386,979

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,849	\$55,785	\$32,936
Special Revenue	71,915	71,915	0
Enterprise	65,000	70,809	5,809
Total	\$159,764	\$198,509	\$38,745

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,125	\$65,026	(\$4,901)
Special Revenue	64,495	63,453	1,042
Enterprise	65,000	47,661	17,339
Total	<u>\$189,620</u>	<u>\$176,140</u>	<u>\$13,480</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,325	\$46,372	\$11,047
Special Revenue	30,400	34,982	4,582
Debt Service	0	371	371
Capital Projects	53,985	53,985	0
Enterprise	50,000	72,460	22,460
Total	<u>\$169,710</u>	<u>\$208,170</u>	<u>\$38,460</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,125	\$87,399	\$12,726
Special Revenue	36,995	36,454	541
Debt Service	0	371	(371)
Capital Projects	53,985	53,985	0
Enterprise	93,000	40,084	52,916
Total	<u>\$284,105</u>	<u>\$218,293</u>	<u>\$65,812</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**VILLAGE OF RICHMOND
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Note	\$3,255	5.25%
Total	\$3,255	

The proceeds of the general obligation note were used to purchase a police cruiser. The original loan was dated October 5, 2001 in the amount of \$15,995. The loan is being repaid in monthly payments of \$370.72, including interest, over 4 years. The last payment is due October 5, 2005. The loan is collateralized by the taxing authority of the Village.

Amortization of the above debt, including interest, follows:

Year ending December 31	General Obligation Note
2005	\$3,336
Total	\$3,336

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

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

Village of Richmond
Jefferson County
128 Court Street
Richmond, Ohio 43944

To the Village Council:

We have audited the financial statements of Village of Richmond, Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 15, 2005, 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 that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated July 15, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated July 15, 2005, we reported other matters related to noncompliance we deemed immaterial.

Village of Richmond
Jefferson County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 15, 2005



**Auditor of State
Betty Montgomery**

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VILLAGE OF RICHMOND

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 25, 2005**