

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**



**Auditor of State
Betty Montgomery**

Members of Council
Village of Seville
PO Box 22
Seville, Ohio 44275

We have reviewed the Independent Auditor's Report of the Village of Seville, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 2002 to 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 Seville is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 13, 2004

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**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

February 2, 2004

To the Members of Council
Village of Seville
Medina County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Village of Seville, Ohio, 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 of Seville'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 cash balances of the Village of Seville, Ohio as of December 31, 2003 and 2002, and the 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 a report dated February 2, 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 Board of Directors, management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

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

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS				
Taxes	\$ 1,003,302	\$ 26,824	\$ 79,194	\$ 1,109,320
Intergovernmental	122,430	337,716	40,738	500,884
Charges for Services	45	1,828	0	1,873
Fines, Licenses, and Permits	13,718	2,000	0	15,718
Interest	38,996	15	6	39,017
Electricity Tax	97,241	0	0	97,241
Miscellaneous	9,219	17,435	0	26,654
Total Cash Receipts	1,284,951	385,818	119,938	1,790,707
CASH DISBURSEMENTS				
Current:				
Security of Persons and Property	0	541,851	0	541,851
Public Health Services	936	268,258	0	269,194
Leisure Time Activities	92,496	1,164	0	93,660
Community Environment	24,467	0	0	24,467
Transportation	0	235,230	0	235,230
General Government	236,040	0	0	236,040
Capital Outlay	24,348	121,683	533,896	679,927
Debt Service:				
Principal Retirement	0	0	150,000	150,000
Interest and Fiscal Charges	0	0	16,860	16,860
Total Cash Disbursements	378,287	1,168,186	700,756	2,247,229
Total Receipts Over (Under) Disbursements	906,664	(782,368)	(580,818)	(456,522)
OTHER FINANCING SOURCES (USES)				
Proceeds of Notes	0	0	69,000	69,000
Other Financing Uses	(420)	0	0	(420)
Advances In	0	0	45,000	45,000
Advances Out	(45,000)	0	0	(45,000)
Transfers In	0	798,861	317,000	1,115,861
Transfers Out	(1,213,102)	0	0	(1,213,102)
Total Other Financing Sources (Uses)	(1,258,522)	798,861	431,000	(28,661)
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(351,858)	16,493	(149,818)	(485,183)
Fund Cash Balances, Beginning of Year	690,205	294,962	524,473	1,509,640
Fund Cash Balances, End of Year	\$ 338,347	\$ 311,455	\$ 374,655	\$ 1,024,457
Reserved for Encumbrances, End of Year	\$ 29,234	\$ 6,511	\$ 1,147	\$ 36,892

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF OPERATING RECEIPTS, OPERATING EXPENSES, AND CHANGES IN
FUND BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Enterprise	Agency	Totals (Memorandum Only)
<u>Operating Receipts</u>			
Charges for Services	\$ 2,948,767	\$ 0	\$ 2,948,767
Fines, Licenses, and Permits	0	39,760	39,760
Total Operating Revenues	2,948,767	39,760	2,988,527
<u>Operating Expenses</u>			
Personal Services	338,175	0	338,175
Travel Transportation	128,503	0	128,503
Contractual Services	1,633,675	0	1,633,675
Supplies and Materials	103,408	0	103,408
Capital Outlay	540,283	0	540,283
Miscellaneous	94	36,289	36,383
Total Operating Expenses	2,744,138	36,289	2,780,427
Operating Income (Loss)	204,629	3,471	208,100
<u>Non-Operating Revenues</u>			
Local Taxes	36,503	0	36,503
Total Non-Operating Revenue	36,503	0	36,503
<u>Non-Operating Expenses</u>			
Debt Service:			
Principal Retirement	138,171	0	138,171
Interest and Fiscal Charges	175,066	0	175,066
Total Non-Operating Expenses	313,237	0	313,237
Income (Loss) Before Operating Transfers	(72,105)	3,471	(68,634)
Operating Transfers In	97,241	0	97,241
Net Income (Loss)	25,136	3,471	28,607
Fund Balance at Beginning of Year	3,372,833	87,363	3,460,196
Fund Balance at End of Year	\$ 3,397,969	\$ 90,834	\$ 3,488,803

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS				
Taxes	\$ 877,502	\$ 24,680	\$ 53,741	\$ 955,923
Intergovernmental	110,571	313,922	0	424,493
Special Assessments	390	0	0	390
Charges for Services	90	3,361	0	3,451
Fines, Licenses, and Permits	16,655	2,500	0	19,155
Interest	104,887	27	11	104,925
Electricity Tax	95,378	0	0	95,378
Miscellaneous	28,244	25,440	0	53,684
Total Cash Receipts	<u>1,233,717</u>	<u>369,930</u>	<u>53,752</u>	<u>1,657,399</u>
CASH DISBURSEMENTS				
Current:				
Security of Persons and Property	0	484,958	0	484,958
Public Health Services	906	236,670	0	237,576
Leisure Time Activities	83,661	0	0	83,661
Community Environment	12,019	0	0	12,019
Transportation	0	188,343	0	188,343
General Government	304,512	0	0	304,512
Capital Outlay	17,593	131,028	475,969	624,590
Debt Service				
Principal Retirement	0	0	150,000	150,000
Interest and Fiscal Charges	0	0	25,290	25,290
Total Cash Disbursements	<u>418,691</u>	<u>1,040,999</u>	<u>651,259</u>	<u>2,110,949</u>
Total Receipts Over (Under) Disbursements	815,026	(671,069)	(597,507)	(453,550)
OTHER FINANCING SOURCES (USES)				
Other Financing Uses	(1,009)	(63,039)	0	(64,048)
Advances In	0	0	35,000	35,000
Advances Out	(35,000)	0	0	(35,000)
Operating Transfers In	0	707,555	460,000	1,167,555
Operating Transfers Out	(1,262,933)	0	0	(1,262,933)
Total Other Financing Sources (Uses)	<u>(1,298,942)</u>	<u>644,516</u>	<u>495,000</u>	<u>(159,426)</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(483,916)	(26,553)	(102,507)	(612,976)
Fund Cash Balances, Beginning of Year	<u>1,174,121</u>	<u>321,515</u>	<u>626,980</u>	<u>2,122,616</u>
Fund Cash Balances, End of Year	<u>\$ 690,205</u>	<u>\$ 294,962</u>	<u>\$ 524,473</u>	<u>\$ 1,509,640</u>
Reserved for Encumbrances, End of Year	<u>\$ 33,645</u>	<u>\$ 58,098</u>	<u>\$ 29,053</u>	<u>\$ 120,796</u>

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF OPERATING RECEIPTS, OPERATING EXPENSES, AND CHANGES IN
FUND BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise	Agency	Totals (Memorandum Only)
<u>Operating Receipts</u>			
Charges for Services	\$ 2,989,420	\$ 14,456	\$ 3,003,876
Fines, Licenses, and Permits	0	24,000	24,000
Total Operating Revenues	2,989,420	38,456	3,027,876
<u>Operating Expenses</u>			
Personal Services	327,953	0	327,953
Travel Transportation	116,727	0	116,727
Contractual Services	1,658,979	0	1,658,979
Supplies and Materials	107,343	0	107,343
Capital Outlay	73,448	0	73,448
Miscellaneous	10,367	34,927	45,294
Total Operating Expenses	2,294,817	34,927	2,329,744
Operating Income (Loss)	694,603	3,529	698,132
<u>Non-Operating Revenues</u>			
Local Taxes	37,026	0	37,026
Total Non-Operating Revenue	37,026	0	37,026
<u>Non-Operating Expenses</u>			
Debt Service:			
Principal Retirement	129,869	0	129,869
Interest and Fiscal Charges	183,363	0	183,363
Total Non-Operating Expenses	313,232	0	313,232
Income (Loss) Before Operating Transfers	418,397	3,529	421,926
Operating Transfers In	95,378	0	95,378
Net Income (Loss)	513,775	3,529	517,304
Fund Balance at Beginning of Year	2,859,058	83,834	2,942,892
Fund Balance at End of Year	\$ 3,372,833	\$ 87,363	\$ 3,460,196

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Seville, Medina County, is a body political and corporate 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 six member Council. The Village provides general governmental services, including road, bridge, water, electric and sewer disposal. The Village has a Mayor's Court which is classified as an agency fund of the governmental unit.

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. 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 FUND TYPES:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

The Special Revenue 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. These include (a) Police, (b) EMS, and (c) Streets Funds.

Capital Projects

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds. These include (a) Downtown Improvement Fund, (b) Street Capital Improvements Fund, and (c) Waste Water Treatment Plant.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting (continued)

PROPRIETARY FUND TYPE:

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes. These include (a) Electric, (b) Sewer, (c) Storm Sewer, and (d) Water Funds.

FIDUCIARY FUND TYPE:

Agency Funds

The Agency Funds are used to account for assets held by a governmental unit as an agent for another governmental unit. This includes the Mayor's Court Fund.

D. Budgetary Process

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

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 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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

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

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property, Plant and Equipment

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

NOTE 2: EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Deposits	\$ 137,496	\$ 238,452
Investments	4,324,240	4,284,351
Overnight Repurchase Agreements	<u>27,278</u>	<u>422,787</u>
	<u>\$ 4,489,014</u>	<u>\$ 4,945,590</u>

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

Investments

GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements" requires the Village's investments to be categorized to give an indication of the level of risk assumed by the Village at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Village's name.

Statutory provisions require that all securities acquired by the Village be held by the Village treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the Village for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 2: EQUITY IN POOLED CASH (continued)

Investments (continued)

Level of risk assumed for fiscal year end December 31, 2003

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Federated Government Obligations	\$ 4,324,240	\$ 4,324,240	\$ 4,324,240
Total Investments	4,324,240	4,324,240	4,324,240
Repurchase Agreement	27,278	27,278	27,278
	<u>\$ 4,351,518</u>	<u>\$ 4,351,518</u>	<u>\$ 4,351,518</u>

Level of risk assumed for fiscal year ended December 31, 2002

	<u>Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Federated Government Obligation	\$ 4,284,351	\$ 4,284,351	\$ 4,284,351
Total Investments	4,284,351	4,284,351	4,284,351
Repurchase Agreement	422,787	\$ 422,787	422,787
	<u>\$ 4,707,138</u>	<u>\$ 4,707,138</u>	<u>\$ 4,707,138</u>

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 3: BUDGETARY ACTIVITY

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

Budgeted vs. Actual Receipts

	2003			2002		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,334,819	\$ 1,293,548	\$ (41,271)	\$ 1,304,957	\$ 1,235,459	\$ (69,498)
Special Revenue	1,292,876	1,176,082	(116,794)	1,177,450	1,077,485	(99,965)
Capital Projects	105,012	550,938	445,926	52,500	548,752	496,252
Enterprise	3,349,117	3,082,511	(266,606)	4,779,137	3,169,324	(1,609,813)
Total	\$ 6,081,824	\$ 6,103,079	\$ 21,255	\$ 7,314,044	\$ 6,031,020	\$ (1,283,024)

Budgeted vs. Actual Disbursements

	2003			2002		
	Budgeted Disbursements	Actual Disbursements	Variance	Budgeted Disbursements	Actual Disbursements	Variance
General	\$ 1,685,241	\$ 1,636,809	\$ 48,432	\$ 1,975,443	\$ 1,720,219	\$ 255,224
Special Revenue	1,397,672	1,168,186	229,486	1,351,530	1,104,075	247,455
Capital Projects	934,063	700,756	233,307	885,630	651,259	234,371
Enterprise	4,431,287	3,057,375	1,373,912	3,624,282	2,678,914	945,368
Total	\$ 8,448,263	\$ 6,563,126	\$ 1,885,137	\$ 7,836,885	\$ 6,154,467	\$ 1,682,418

NOTE 4: LONG TERM OBLIGATIONS

The Village incurred the following obligations in connection with the Ohio Water Development Authority (OWDA) for the construction of the sewer and water facilities. The payments of the completed projects debt is reflected in the enterprise fund.

The Village also incurred the following obligation in connection with the Ohio Public Works Commission for the Waste Water Treatment Plant Sludge Handling Improvements. The project was completed during February 2000 with the total loan balance being \$230,882. The note payable is a 20 year non-interest bearing note with payments due semiannually. The first payment is due July 1, 2000.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 4: LONG TERM OBLIGATIONS (continued)

A detail of long term obligations is as follows:

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31, 2002</u>
ENTERPRISE FUNDS				
Ohio Water Development Authority - Water				
Interest Rate 7.66%				
Issued 1990				
Due January 1, 2015	\$ 1,191,438	\$ 0	\$ (56,670)	\$ 1,134,768
 Ohio Water Development Authority - Sewer				
Interest Rate 7.51%				
Issued 1990				
Due July 1, 2010	393,121	0	(34,759)	358,362
 Ohio Public Works Commission				
Waste Water Treatment Plant				
Interest Rate 0%				
Due January 1, 2020	207,794	0	(11,544)	196,250
 CAPITAL PROJECTS FUNDS				
Bank One				
Park Project Note				
Interest Rate 5.62%				
Issued November 30, 2000				
Ending November 30, 2004	<u>450,000</u>	<u>0</u>	<u>(150,000)</u>	<u>300,000</u>
	<u>\$ 2,242,353</u>	<u>\$ 0</u>	<u>\$ (252,973)</u>	<u>\$ 1,989,380</u>

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 4: LONG TERM OBLIGATIONS (continued)

	Balance January 1, 2003	Additions	Reductions	Balance December 31, 2003
ENTERPRISE FUNDS				
Ohio Water Development Authority - Water Interest Rate 7.66% Issued 1990 Due January 1, 2015	\$ 1,134,768	\$ 0	\$ (61,010)	\$ 1,073,758
Ohio Water Development Authority - Sewer Interest Rate 7.51% Issued 1990 Due July 1, 2010	358,362	0	(37,368)	320,994
Ohio Public Works Commission Waste Water Treatment Plant Interest Rate 0% Due January 1, 2020	196,250	0	(11,544)	184,706
CAPITAL PROJECTS FUNDS				
Bank One Park Project Note Interest Rate 5.62% Issued November 30, 2000 Ending November 30, 2004	300,000	0	(150,000)	150,000
First Merit Park Trails Note Interest Rate 2.48% Issued November 20, 2003 Ending December 1, 2006	0	69,000	0	69,000
	\$ 1,989,380	\$ 69,000	\$ (259,922)	\$ 1,798,458

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 4: LONG TERM OBLIGATIONS (continued)

The schedule for principal and interest payments on long-term borrowing for the next five years and thereafter follows:

Year Ending December 31,	Ohio Water Department Authority Water	Ohio Water Department Authority Sewer	Ohio Public Works Commission Sewer	Bank One Parks Project	First Merit Parks Trails	Total
2004	\$ 147,935	\$ 64,282	\$ 11,544	\$ 158,430	\$ 24,711	\$ 406,902
2005	147,935	64,282	11,544	0	24,140	247,901
2006	147,935	64,282	11,544	0	23,322	247,083
2007	147,935	64,282	11,544	0	0	223,761
2008	147,935	64,282	11,544	0	0	223,761
2009-2013	739,681	95,618	57,721	0	0	893,020
2013-2017	147,935	0	57,721	0	0	205,656
2018	0	0	11,544	0	0	11,544
Total Principal and Interest	1,627,291	417,028	184,706	158,430	72,173	2,459,628
Less: Interest	(553,533)	(96,034)	0	(8,430)	(3,173)	(661,170)
Total Principal	<u>\$ 1,073,758</u>	<u>\$ 320,994</u>	<u>\$ 184,706</u>	<u>\$ 150,000</u>	<u>\$ 69,000</u>	<u>\$ 1,798,458</u>

NOTE 5: NOTE DEBT

The Village's note activity, including amount outstanding, interest rate, and the purpose for which the note was issued is as follows:

	Outstanding 1/1/2002	Additions	Reductions	Outstanding 12/31/2002
.82% Municipal Electric	<u>\$ 1,161,940</u>	<u>\$ 0</u>	<u>\$ (26,896)</u>	<u>\$ 1,135,044</u>
	Outstanding 1/1/2003	Additions	Reductions	Outstanding 12/31/2003
.82% Municipal Electric	<u>\$ 1,135,044</u>	<u>\$ 0</u>	<u>\$ (28,249)</u>	<u>\$ 1,106,795</u>

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 5: NOTE DEBT (continued)

The note is backed by the full faith and credit of the Village. The note has a term of one year. The note was originally issued in 1993 and has been renewed annually to maintain the lowest possible interest rate. This loan may be converted to long term financing if interest rates fluctuate to a higher percentage. The administrator of the loan, AMP-Ohio, advises them the amount to pay on principal so as the Village still meets the required debt covenant ratio. The note debt is required to be paid off in 2024. See related information in Note 10 Joint Venture.

NOTE 6: PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village of Seville. 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes to the County by each April 30.

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

NOTE 7: RETIREMENT SYSTEMS

Public Employees Retirement System

The Board of Trustees, Village Clerk, and other employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 7: RETIREMENT SYSTEMS (continued)

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

Police and Firemen's Disability and Pension Fund (PFDPF)

The Village of Seville contributes to the Police and Firemen's Disability and Pension Fund (PFDPF), a cost sharing multiple employer defined pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to PFDPF, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 8: SEGMENT INFORMATION

The Village's enterprise fund account for the provision of water, sewer, electric, and storm sewers. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise funds of the Village of Seville as of and for the year December 31, 2003 and 2002:

	<u>2003 Segment Information</u>				
	WATER	SANITARY SEWER	ELECTRIC	STORM SEWER	TOTAL ENTERPRISE
REVENUES:					
Charges For Services	\$ 376,678	\$ 445,646	\$ 2,061,285	\$ 65,158	\$ 2,948,767
Total Operating Revenues	376,678	445,646	2,061,285	65,158	2,948,767
EXPENDITURES:					
Personal Services	64,630	65,990	207,460	95	338,175
Travel Transportation	22,458	22,726	83,302	17	128,503
Contractual Services	26,236	61,960	1,544,803	676	1,633,675
Supplies and Materials	20,737	13,476	67,729	1,466	103,408
Other	0	0	94	0	94
Capital Outlay	68,470	65,057	207,862	198,894	540,283
Total Operating Expenses	202,531	229,209	2,111,250	201,148	2,744,138
Operating Income/(Loss)	174,147	216,437	(49,965)	(135,990)	204,629
Local Taxes	0	0	36,503	0	36,503
Total Non-Operating Revenue	0	0	36,503	0	36,503
Principal Payments	56,705	47,572	33,894	0	138,171
Interest and Fiscal Charges	87,485	27,386	60,195	0	175,066
Total Non-Operating Expense	144,190	74,958	94,089	0	313,237
Total Revenue Over Expenses	29,957	141,479	(107,551)	(135,990)	(72,105)
Transfers In	0	0	97,241	0	97,241
Net Revenues Over Expenses	29,957	141,479	(10,310)	(135,990)	25,136
Fund Cash Balances, JANUARY 1	768,574	723,571	1,498,442	382,246	3,372,833
Fund Cash Balances, DECEMBER 31	\$ 798,531	\$ 865,050	\$ 1,488,132	\$ 246,256	\$ 3,397,969

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 8: SEGMENT INFORMATION (continued)

2002 Segment Information

	WATER	SANITARY SEWER	ELECTRIC	STORM SEWER	TOTAL ENTERPRISE
REVENUES:					
Charges For Services	\$ 384,329	\$ 378,595	\$ 2,161,922	\$ 64,574	\$ 2,989,420
Total Operating Revenues	384,329	378,595	2,161,922	64,574	2,989,420
EXPENDITURES:					
Personal Services	62,425	63,421	201,926	181	327,953
Travel Transportation	18,757	18,847	79,096	27	116,727
Contractual Services	21,737	67,132	1,568,134	1,976	1,658,979
Supplies and Materials	18,991	9,717	76,531	2,104	107,343
Other	4,073	6,041	253	0	10,367
Capital Outlay	31,422	8,072	13,353	20,601	73,448
Total Operating Expenses	157,405	173,230	1,939,293	24,889	2,294,817
Operating Income/(Loss)	226,924	205,365	222,629	39,685	694,603
Local Taxes	0	0	37,026	0	37,026
Total Non-Operating Revenue	0	0	37,026	0	37,026
Principal Payments	56,973	53,303	19,593	0	129,869
Interest and Fiscal Charges	91,232	29,523	62,608	0	183,363
Total Non-Operating Expense	148,205	82,826	82,201	0	313,232
Total Revenue Over Expenses	78,719	122,539	177,454	39,685 #	418,397
Transfers In	0	0	95,378	0	95,378
Net Revenues Over Expenses	78,719	122,539	272,832	39,685	513,775
Fund Cash Balances, JANUARY 1	689,911	609,713	1,216,874	342,560	2,859,058
Fund Cash Balances, DECEMBER 31	\$ 768,630	\$ 732,252	\$ 1,489,706	\$ 382,245	\$ 3,372,833

NOTE 9: RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 10: JOINT VENTURE

The Village of Seville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .79% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$389,789 at December 31, 2003. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the Village's Auditor.

**VILLAGE OF SEVILLE
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

NOTE 10: JOINT VENTURE (continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2003 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painsville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

February 2, 2004

To the Members of Council
Village of Seville
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Village of Seville, Ohio, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 2, 2004. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 of Seville'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Seville in a separate letter dated February 2, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Seville'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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Seville in a separate letter dated February 2, 2004.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF SEVILLE

MEDINA 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 26, 2004**