



**VILLAGE OF GRAND RIVER
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF GRAND RIVER
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Grand River
Lake County
205 Singer Avenue
Grand River, Ohio 44045

To the Members of Council:

We have audited the accompanying financial statements of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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 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 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Grand River, Lake County, Ohio, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 21, 2000

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**VILLAGE OF GRAND RIVER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Local Taxes	\$374,150					\$374,150
Intergovernmental Revenues	109,679	\$35,770		\$143,090		288,539
Charges for Services	507					507
Fines, Licenses, and Permits	31,231				\$45,010	76,241
Earnings on Investments	2,089					2,089
Miscellaneous Revenue	7,086					7,086
Total Cash Receipts	<u>524,742</u>	<u>35,770</u>	<u>\$0</u>	<u>143,090</u>	<u>45,010</u>	<u>748,612</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	396,714	11,517				408,231
Public Health Services	2,733					2,733
Leisure Time Activities	2,163					2,163
Community Environment	3,982					3,982
Transportation	12,778	45,986				58,764
General Government	136,991					136,991
Other Operating Expenses					44,643	44,643
Debt Service	7,338					7,338
Capital Outlay				143,090		143,090
Total Cash Disbursements	<u>562,699</u>	<u>57,503</u>	<u>0</u>	<u>143,090</u>	<u>44,643</u>	<u>807,935</u>
Total Receipts Over/(Under) Disbursements	<u>(37,957)</u>	<u>(21,733)</u>	<u>0</u>	<u>0</u>	<u>367</u>	<u>(59,323)</u>
Other Financing Receipts/(Disbursements):						
Proceeds of Notes	58,778					58,778
Total Other Financing Receipts/(Disbursements)	<u>58,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>58,778</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,821	(21,733)	0	0	367	(545)
Fund Cash Balances, January 1	117,351	36,675	272	0	7,620	161,918
Fund Cash Balances, December 31	<u>\$138,172</u>	<u>\$14,942</u>	<u>\$272</u>	<u>\$0</u>	<u>\$7,987</u>	<u>\$161,373</u>
Reserves for Encumbrances, December 31	<u>\$2,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,500</u>

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

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**VILLAGE OF GRAND RIVER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Grand River, Lake 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 six-member Council and a Mayor. The Village provides general governmental services, including road maintenance, fire protection and emergency medical 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

The Village had only demand deposits during the audit period.

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:

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.

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 had the following significant Special Revenue Fund:

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

Debt Service

The debt service fund is used to accumulate resources for the payment of a bond which has matured.

**VILLAGE OF GRAND RIVER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Projects

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Project Fund:

Capital Projects Fund - This fund consists of revenues and disbursements of funds for the Ohio Public Works Commission for construction.

Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Village Mayors Court Fund - This fund consists of revenue received for traffic violations within the Village limits. A portion of these revenues are paid to the Village General Fund. The remainder is remitted to the State of Ohio.

E. 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 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.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

VILLAGE OF GRAND RIVER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	1999
Demand deposits	\$161,373
Total Deposits	\$161,373

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$540,592	\$583,520	\$42,928
Special Revenue	86,243	35,770	(50,473)
Debt Service	1,000	0	(1,000)
Capital Projects	143,090	143,090	0
Agency	46,550	45,010	(1,540)
Total	\$817,475	\$807,390	(\$10,085)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$587,068	\$565,199	\$21,869
Special Revenue	99,626	57,503	42,123
Debt Service	1,271	0	1,271
Capital Projects	143,090	143,090	0
Agency	50,900	44,643	6,257
Total	\$881,955	\$810,435	\$71,520

**VILLAGE OF GRAND RIVER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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 payment, 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 with 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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Note - Police Cruiser	\$13,250	4.90%
Note - Emergency Rescue Squad	\$58,778	6.10%
OPWC - River Street Improvement	<u>\$15,336</u>	0.00%
Total	<u>\$87,364</u>	

The Village issued a note for a police cruiser purchased in December 1998. Key Bank holds the note issued in the amount of \$19,703. The note is being repaid in semi-annual installments over 3 years. The Village issued a note for an Emergency Rescue Squad that was purchased in December 1999. Key Bank holds the note issued in the amount of \$58,778. The note is being paid in monthly installments over 4 years. The 1999 Ohio Public Works Commission (OPWC) obligation is for the River Street Improvement. The Village is required to pay OPWC \$15,336, in semi-annual payments over 20 years.

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

<u>Year Ending December 31</u>	<u>Police Cruiser Note</u>	<u>Rescue Squad Note</u>	<u>OPWC Obligation</u>
2000	\$7,142	\$16,639	\$786
2001	6,921	16,639	786
2002		16,639	786
2003		16,639	786
2004			786
2005 - 2009			3,932
2010 - 2014			3,932
2015 - 2019			<u>3,542</u>
Total	<u>\$14,063</u>	<u>\$66,556</u>	<u>\$15,336</u>

VILLAGE OF GRAND RIVER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. RETIREMENT SYSTEMS

The Village's full time law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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. Members of PFDPF contributed 10% of their wages. The Village contributed an amount equal to 19.5% of participants' wages. Members of PERS 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, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability,
- Vehicles, Emergency Medical Services, Law Enforcement Liability,
- Commercial Catastrophe Liability, and Errors and Omissions.

The Village also provides health insurance to full-time employees through a private carrier.

8. RELATED PARTY TRANSACTIONS

A Village Council member is part owner of a company from which the Village acquired tires during the year. The Village paid \$1,577 for these acquisitions.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Grand River
Lake County
205 Singer Avenue
Grand River, Ohio 44045

To the Members of Council:

We have audited the financial statements of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 1999, and have issued our report thereon dated April 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 an immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated April 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated April 21, 2000.

Village of Grand River
Lake County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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Jim Petro
Auditor of State

April 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF GRAND RIVER

LAKE 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 6, 2000