



**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - for the year ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types and Similar Fiduciary Fund Types - for the year ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - for the year ended December 31, 1999	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types and Similar Fiduciary Fund Types - for the year ended December 31, 1999	6
Notes to the Financial Statements	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	21

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village Council  
Village of Chagrin Falls  
Cuyahoga County  
21 West Washington Street  
Chagrin Falls, Ohio 44022

We have audited the accompanying financial statements of the Village of Chagrin Falls, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 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 audits.

We conducted our audits 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 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 described 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 of the Village of Chagrin Falls, Cuyahoga County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 4 to the financial statements, the Village changed its classification of the Cemetery Perpetual Care Expendable Trust Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2001 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 management, Village Council, 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.

**Jim Petro**  
Auditor of State

May 18, 2001

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**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type -  
for the year ended December 31, 2000

	Governmental Fund Types				Fiduciary Fund	(Memorandum
	General	Special Revenue	Debt Service	Capital Projects	Type Expendable Trust	Only) Total
<b>Receipts:</b>						
Local Taxes	\$2,845,733	\$354,562	\$267,213	\$0	\$34,853	\$3,502,361
Intergovernmental	582,345	214,004	37,303	1,609,994	4,866	2,448,512
Special Assessments	0	0	55,291	469	0	55,760
Charges for Services	154,501	0	0	0	0	154,501
Fines, Licenses, and Permits	63,517	1,738	0	0	0	65,255
Miscellaneous	198,596	7,152	50,181	336,939	51,564	644,432
<b>Total Receipts</b>	<b>3,844,692</b>	<b>577,456</b>	<b>409,988</b>	<b>1,947,402</b>	<b>91,283</b>	<b>6,870,821</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Security of Persons and Property	1,803,443	5,820	0	0	39,564	1,848,827
Public Health Services	294,001	0	0	0	0	294,001
Leisure Time Activities	77,007	0	0	0	4,251	81,258
Community Environment	97,164	0	0	0	0	97,164
Basic Utility Services	248,850	0	0	0	0	248,850
Transportation	32,967	637,776	0	0	0	670,743
General Government	728,886	0	0	0	3,595	732,481
<b>Debt Service:</b>						
Redemption of Principal	0	0	190,000	0	0	190,000
Interest	0	0	218,626	0	0	218,626
Other Debt Service	0	0	1,725	0	0	1,725
Capital Outlay	57,713	30,244	0	2,011,486	0	2,099,443
<b>Total Disbursements</b>	<b>3,340,031</b>	<b>673,840</b>	<b>410,351</b>	<b>2,011,486</b>	<b>47,410</b>	<b>6,483,118</b>
<b>Total receipts over/(under) disbursements</b>	<b>504,661</b>	<b>(96,384)</b>	<b>(363)</b>	<b>(64,084)</b>	<b>43,873</b>	<b>387,703</b>
<b>Other financing receipts/(disbursements):</b>						
<b>Proceeds from Sale of Public Debt</b>						
Sale of Bonds	0	0	0	0	0	0
Sale of Notes	0	0	0	0	0	0
Other Proceeds from Sale of Public Debt	0	0	0	0	0	0
<b>Sale of Fixed Assets</b>						
Transfers-In	0	630,000	0	0	0	630,000
Advances-In	0	0	0	0	0	0
Transfers-Out	(134,289)	(20,000)	0	(964,999)	(15,000)	(1,134,288)
Advances-Out	0	0	0	0	0	0
Other Sources	0	15,273	0	0	0	15,273
Other Uses	(710)	0	0	0	0	(710)
<b>Total other financing receipts/(disbursements)</b>	<b>(134,999)</b>	<b>625,273</b>	<b>0</b>	<b>(964,999)</b>	<b>(15,000)</b>	<b>(489,725)</b>
<b>Excess of receipts and other financing receipts over/ (under) disbursements and other financing disbursements</b>	<b>369,662</b>	<b>528,889</b>	<b>(363)</b>	<b>(1,029,083)</b>	<b>28,873</b>	<b>(102,022)</b>
<b>Fund Balances, January 1, 2000</b>	<b>2,471,330</b>	<b>38,538</b>	<b>123,401</b>	<b>4,059,740</b>	<b>104,851</b>	<b>6,797,860</b>
<b>Fund Balances, December 31, 2000</b>	<b>\$2,840,992</b>	<b>\$567,427</b>	<b>\$123,038</b>	<b>\$3,030,657</b>	<b>\$133,724</b>	<b>\$6,695,838</b>

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

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash  
Balances - Proprietary Fund Types and Similar Fiduciary Fund Types -  
for the year ended December 31, 2000

	Proprietary Fund Types		Fiduciary Fund Types		(Memorandum Only)
	Enterprise	Internal Service	Non-Expendable	Agency	Total
			Trust		
Operating Receipts:					
Charges for Services	\$2,212,562	\$331,986	\$0	\$0	\$2,544,548
Miscellaneous	0	0	0	0	0
<b>Total Operating Receipts</b>	<b>2,212,562</b>	<b>331,986</b>	<b>0</b>	<b>0</b>	<b>2,544,548</b>
Operating Disbursements:					
Personal Services	735,322	39,759	0	0	775,081
Travel Transportation	2,417	0	0	0	2,417
Contractual Services	1,035,833	30,604	0	0	1,066,437
Supplies and Materials	169,285	70,900	0	0	240,185
Capital Outlay	549,980	262,979	0	0	812,959
<b>Total Operating Disbursements</b>	<b>2,492,837</b>	<b>404,242</b>	<b>0</b>	<b>0</b>	<b>2,897,079</b>
Operating Income/(Loss)	(280,275)	(72,256)	0	0	(352,531)
Non-operating Receipts:					
Local Taxes	0	0	0	0	0
Intergovernmental Revenues	0	0	0	0	0
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	0	0	0
Sale of Notes	0	0	0	0	0
Other Proceeds from Sale of Public Debt	0	0	0	0	0
Miscellaneous	0	0	0	10,387	10,387
Sale of Fixed Assets	0	43,350	0	0	43,350
Other Non-operating Revenues	141,336	85	0	41,848	183,269
<b>Total Non-operating Receipts</b>	<b>141,336</b>	<b>43,435</b>	<b>0</b>	<b>52,235</b>	<b>237,006</b>
Non-operating Disbursements:					
Debt Service					
Redemption of Principal	55,032	0	0	0	55,032
Interest	14,252	0	0	0	14,252
Other Non-operating Disbursements	472	0	0	47,872	48,344
<b>Total Non-operating Disbursements</b>	<b>69,756</b>	<b>0</b>	<b>0</b>	<b>47,872</b>	<b>117,628</b>
Excess of receipts over/(under) disbursements before interfund transfers and advances	(208,695)	(28,821)	0	4,363	(233,153)
Transfers - In	545,000	0	0	4,288	549,288
Advances - In	0	0	0	0	0
Transfers - Out	(45,000)	0	0	0	(45,000)
Advances - Out	0	0	0	0	0
<b>Net receipts over/(under) disbursements</b>	<b>291,305</b>	<b>(28,821)</b>	<b>0</b>	<b>8,651</b>	<b>271,135</b>
Fund Balances, January 1, 2000	2,269,550	636,107	16,082	(3,328)	2,918,411
Fund Balances, December 31, 2000	<u>\$2,560,855</u>	<u>\$607,286</u>	<u>\$16,082</u>	<u>\$5,323</u>	<u>\$3,189,546</u>

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



**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund  
Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund Type -  
for the year ended December 31, 1999

	Governmental Fund Types			Capital Projects	Fiduciary Fund	(Memorandum
	General	Special Revenue	Debt Service		Type Expendable Trust	Only) Total
<b>Receipts:</b>						
Local Taxes	\$2,845,281	\$347,775	\$290,671	\$0	\$36,334	\$3,520,061
Intergovernmental	557,320	235,715	39,201	1,177,202	4,900	2,014,338
Special Assessments	0	0	48,567	1,874	0	50,441
Charges for Services	161,847	0	0	0	0	161,847
Fines, Licenses, and Permits	78,993	1,345	0	0	0	80,338
Miscellaneous	170,057	34,237	50,755	303,681	59,262	617,992
<b>Total Receipts</b>	<b>3,813,498</b>	<b>619,072</b>	<b>429,194</b>	<b>1,482,757</b>	<b>100,496</b>	<b>6,445,017</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Security of Persons and Property	1,792,248	1,319	0	0	65,390	1,858,957
Public Health Services	299,131	0	0	0	150	299,281
Leisure Time Activities	70,843	0	0	0	170,935	241,778
Community Environment	99,534	0	0	0	0	99,534
Basic Utility Services	246,730	0	0	0	0	246,730
Transportation	24,065	689,958	0	0	0	714,023
General Government	816,584	0	0	0	5,000	821,584
<b>Debt Service:</b>						
Redemption of Principal	0	0	175,000	0	0	175,000
Interest	0	0	228,969	0	0	228,969
Other Debt Service	0	0	1,832	0	0	1,832
Capital Outlay	0	0	0	765,197	0	765,197
<b>Total Disbursements</b>	<b>3,349,135</b>	<b>691,277</b>	<b>405,801</b>	<b>765,197</b>	<b>241,475</b>	<b>5,452,885</b>
<b>Total receipts over/(under) disbursements</b>	<b>464,363</b>	<b>(72,205)</b>	<b>23,393</b>	<b>717,560</b>	<b>(140,979)</b>	<b>992,132</b>
<b>Other financing receipts/(disbursements):</b>						
<b>Proceeds from Sale of Public Debt</b>						
Sale of Bonds	0	0	0	0	0	0
Sale of Notes	0	0	0	0	0	0
Other Proceeds from Sale of Public Debt	0	0	0	0	0	0
Sale of Fixed Assets	50	0	0	0	0	50
Transfers-In	0	0	0	0	102,790	102,790
Advances-In	0	0	0	0	0	0
Transfers-Out	0	(20,000)	0	(82,790)	0	(102,790)
Advances-Out	0	0	0	0	0	0
Other Sources	0	0	0	0	0	0
Other Uses	(3,223)	0	0	0	0	(3,223)
<b>Total other financing receipts/(disbursements)</b>	<b>(3,173)</b>	<b>(20,000)</b>	<b>0</b>	<b>(82,790)</b>	<b>102,790</b>	<b>(3,173)</b>
<b>Excess of receipts and other financing receipts over/ (under) disbursements and other financing disbursements</b>	<b>461,190</b>	<b>(92,205)</b>	<b>23,393</b>	<b>634,770</b>	<b>(38,189)</b>	<b>988,959</b>
<b>Fund Balances, January 1, 1999 (restated)</b>	<b>2,010,140</b>	<b>130,743</b>	<b>100,008</b>	<b>3,424,970</b>	<b>143,040</b>	<b>5,808,901</b>
<b>Fund Balances, December 31, 1999</b>	<b>\$2,471,330</b>	<b>\$38,538</b>	<b>\$123,401</b>	<b>\$4,059,740</b>	<b>\$104,851</b>	<b>\$6,797,860</b>

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

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY**

Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash  
Balances - Proprietary Fund Types and Similar Fiduciary Fund Types -  
for the year ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Types		(Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	Agency	Total
Operating Receipts:					
Charges for Services	\$1,996,710	\$332,968	\$0	\$0	\$2,329,678
Miscellaneous	0	0	0	0	0
<b>Total Operating Receipts</b>	<b>1,996,710</b>	<b>332,968</b>	<b>0</b>	<b>0</b>	<b>2,329,678</b>
Operating Disbursements:					
Personal Services	720,343	34,752	0	0	755,095
Travel Transportation	4,019	0	0	0	4,019
Contractual Services	986,147	40,473	0	0	1,026,620
Supplies and Materials	153,035	58,980	0	0	212,015
Capital Outlay	78,277	215,693	0	0	293,970
<b>Total Operating Disbursements</b>	<b>1,941,821</b>	<b>349,898</b>	<b>0</b>	<b>0</b>	<b>2,291,719</b>
Operating Income/(Loss)	54,889	(16,930)	0	0	37,959
Non-operating Receipts:					
Local Taxes	0	0	0	0	0
Intergovernmental Revenues	0	0	0	0	0
Proceeds from Sale of Public Debt:					
Sale of Bonds	0	0	0	0	0
Sale of Notes	0	0	0	0	0
Other Proceeds from Sale of Public Debt	0	0	0	0	0
Miscellaneous	122,263	0	0	8,800	131,063
Sale of Fixed Assets	0	8,488	0	0	8,488
Other Non-operating Revenues	5,120	2,029	0	20,969	28,118
<b>Total Non-operating Receipts</b>	<b>127,383</b>	<b>10,517</b>	<b>0</b>	<b>29,769</b>	<b>167,669</b>
Non-operating Disbursements:					
Debt Service					
Redemption of Principal	52,287	0	0	0	52,287
Interest	16,997	0	0	0	16,997
Other Non-operating Disbursements	1,961	0	0	27,847	29,808
<b>Total Non-operating Disbursements</b>	<b>71,245</b>	<b>0</b>	<b>0</b>	<b>27,847</b>	<b>99,092</b>
Excess of receipts over/(under) disbursements before interfund transfers and advances	111,027	(6,413)	0	1,922	106,536
Transfers - In	445,000	0	0	0	445,000
Advances - In	0	0	0	0	0
Transfers - Out	(445,000)	0	0	0	(445,000)
Advances - Out	0	0	0	0	0
<b>Net receipts over/(under) disbursements</b>	<b>111,027</b>	<b>(6,413)</b>	<b>0</b>	<b>1,922</b>	<b>106,536</b>
Fund Balances, January 1, 1999	2,158,523	642,520	16,082	(5,250)	2,811,875
Fund Balances, December 31, 1999	<u>\$2,269,550</u>	<u>\$636,107</u>	<u>\$16,082</u>	<u>(\$3,328)</u>	<u>\$2,918,411</u>

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

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Chagrin Falls, Cuyahoga 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 Council and Mayor. The Village provides general governmental services, including maintenance of roads, rubbish collections, sanitary sewer/storm facilities, water, building, zoning, safety services, and police and fire protection.

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 Ohio Auditor of State, which is similar to the cash receipts and disbursement 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 Ohio Auditor of State.

**C. Cash and Investments**

Certificates of deposit and U.S. Agency Securities 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:

**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 is used to account for gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Debt Service Fund**

The debt service fund is used to account for resources for the payment of improvement and special assessment bond indebtedness. The Village had the following significant Debt Service Fund:

General Obligation Bond Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long term debt principal and interest for improvements to the Village's waste water treatment plant.

**Capital Project 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 had the following significant Capital Project Fund:

General Permanent Improvement Fund - This fund is used to account for the proceeds of a capital improvement levy. The proceeds are being used for major capital improvements and equipment purchases.

**Enterprise Funds**

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 had the following significant Enterprise Funds:

Water Fund - This fund is used to account for charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund - This fund is used to account for charges for services from residents to cover the cost of providing this utility.

Water Reserve For Capital Improvement Fund - This fund is used to account for major construction projects involving the Chagrin Falls water system.

**Internal Service Fund**

This fund is used to account for the financing of services provided by one department or agency to other departments or agencies on a cost reimbursement basis. The Village had the following significant Internal Service Fund:

Revolving Working Equipment Fund - This fund is used to account for the purchase of long lasting capital equipment.

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Fiduciary Funds (Trust and Agency Funds)**

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-Expendable Trust Fund. Other Trust Funds are classified as Expendable. Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following significant Fiduciary Funds:

**Expendable Trust Fund**

Police Disability and Pension Fund - This fund is used to account for the funding of payroll pension requirements for the police disability and pension fund.

**Non-Expendable Trust Fund**

Cemetery Bequest Fund - This fund is used to account for the maintenance of the two Village's cemeteries, with income provided from a trust.

**Agency Funds**

Miscellaneous Deposits Fund - This fund is used to account for performance deposits provided by contractors for small jobs in the Village.

Paid/Received as Agent Fund - This fund is used to account for the Village of Moreland Hill's hydrant maintenance assessment. The assessment is submitted and collected by the Village of Chagrin Falls through the submission of water bills.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain Agency Funds) 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.

**VILLAGE OF CHAGRIN FALLS  
 CUYAHOGA COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2000 AND 1999  
 (Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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 2000 and 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.

**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.

**H. Total Columns**

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$61,300	\$115,726
Certificate of deposits	5,175,000	5,985,000
Petty Cash	<u>150</u>	<u>150</u>
Total deposits	<u>5,236,450</u>	<u>6,100,876</u>
U.S. Agency Securities	<u>4,648,934</u>	<u>3,615,395</u>
Total investments	<u>4,648,934</u>	<u>3,615,395</u>
Total deposits and investments	<u>\$9,885,384</u>	<u>\$9,716,271</u>

**VILLAGE OF CHAGRIN FALLS  
 CUYAHOGA COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2000 AND 1999  
 (Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**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 investments are risk categorized as those which include uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Village's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$3,840,145	\$3,844,692	\$4,547
Special Revenue	1,222,729	1,222,729	0
Debt Service	406,893	409,988	3,095
Capital Projects	1,947,400	1,947,402	2
Expendable Trust	147,403	91,283	(56,120)
Enterprise	2,898,898	2,898,898	0
Internal Service	375,421	375,421	0
Non-Expendable Trust	0	0	0
	<hr/>	<hr/>	<hr/>
Total	<u>\$10,838,889</u>	<u>\$10,790,413</u>	<u>\$48,476</u>

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,475,031	\$3,475,030	\$1
Special Revenue	693,841	693,840	1
Debt Service	410,351	410,351	0
Capital Projects	2,976,483	2,976,485	(2)
Expendable Trust	62,410	62,410	0
Enterprise	2,607,592	2,607,593	(1)
Internal Service	404,242	404,242	0
Non-Expendable Trust	0	0	0
	<hr/>	<hr/>	<hr/>
Total	<u>\$10,629,950</u>	<u>\$10,629,951</u>	<u>(\$1)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditure variances due to rounding.

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$3,772,181	\$3,813,548	\$41,367
Special Revenue	619,071	619,072	1
Debt Service	416,648	429,194	12,546
Capital Projects	1,390,353	1,482,757	92,404
Expendable Trust	231,488	203,286	(28,202)
Enterprise	2,569,093	2,569,093	0
Internal Service	343,485	343,485	0
Non-Expendable Trust	0	0	0
	<hr/>	<hr/>	<hr/>
Total	<u>\$9,342,319</u>	<u>\$9,460,435</u>	<u>\$118,116</u>



**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,352,357	\$3,352,358	(\$1)
Special Revenue	711,274	711,277	(3)
Debt Service	405,801	405,801	0
Capital Projects	847,988	847,987	1
Expendable Trust	241,476	241,475	1
Enterprise	2,458,067	2,458,066	1
Internal Service	349,898	349,898	0
Non-Expendable Trust	0	0	0
Total	<u>\$8,366,861</u>	<u>\$8,366,862</u>	<u>(\$1)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditure variances due to rounding.

**Budgetary Activity/Compliance:** As of December 31, 2000 and December 31, 1999, the Village was in violation of the following Ohio Rev. Code Sections: 5705.10, negative cash fund balances and 5705.41 (D), certification of funds for expenditure.

**4. PRIOR PERIOD ADJUSTMENTS**

A fund reclassification is required to reflect the intended purpose of a certain fund. The fund previously reported as the cemetery perpetual care expendable trust fund is now reported as a special revenue fund. The effect of these prior period adjustments on fund balance as previously reported at December 31, 1998 follows:

	<u>Special Revenue</u>	<u>Expendable Trust</u>
Fund balance previously reported	\$ 120,693	\$ 153,090
Fund reclassification	<u>10,050</u>	<u>(10,050)</u>
Restated fund balance as of December 31, 1998	<u>\$ 130,743</u>	<u>\$ 143,040</u>

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PRIOR PERIOD ADJUSTMENTS (Continued)**

The effect of this change in the excess revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the year ended December 31, 1998 as follows:

	<u>Special Revenue</u>	<u>Expendable Trust</u>
Excess balance previously reported	\$ (26,306)	\$ 18,939
Fund reclassification	<u>1,950</u>	<u>(1,950)</u>
Restated amounts for the year ended December 31, 1998	<u>\$ (24,356)</u>	<u>\$ 16,989</u>

**5. PROPERTY TAX**

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

**6. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$271,475	5.25%
Ohio Public Works Commission Loan	268,160	Interest Free
1991 Advance Refunding General Obligation Bonds (Non Callable Portion)	330,000	6.508%
1998 Advance Refunding General Obligation Bonds (Callable Portion)	2,735,000	6.40%
Special Assessment Bonds	<u>350,000</u>	6.03 - 7.635%
Total	<u>\$3,954,635</u>	

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment plant construction project. The OWDA has approved up to \$1,035,483 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$34,642, including interest, over 30 years. The scheduled payment amount assumes that \$1,035,483 will be borrowed. The Ohio Public Works Commission (OPWC) loan relates to a road and sewer rehabilitation project. The Village borrowed \$282,274 for this project. The loan is interest free and will be repaid in semiannual installments of \$7,057 over 20 years. The General Obligation bonds were used for improvements to the Village's wastewater treatment plant. The Special Assessment bonds were used for sanitary sewer improvements.

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

Year ending <u>December 31:</u>	OWDA <u>Loan</u>	OPWC <u>Loan</u>	General Obligation (Non Call) <u>Bonds</u>	General Obligation (Callable) <u>Bonds</u>	Special Assessment <u>Bonds</u>
2000	\$69,284	\$14,114	\$179,970	\$179,800	\$48,856
2001	69,284	14,114	180,370	179,603	47,158
2002	69,284	14,114	0	354,400	45,449
Subsequent	<u>103,926</u>	<u>225,818</u>	<u>0</u>	<u>3,518,120</u>	<u>367,780</u>
Total	<u>\$311,778</u>	<u>\$268,160</u>	<u>\$360,340</u>	<u>\$4,231,923</u>	<u>\$509,243</u>

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$216,443	5.25%
Ohio Public Works Commission Loan	254,046	Interest Free
1991 Advance Refunding General Obligation Bonds (Non Callable Portion)	170,000	6.508%
1998 Advance Refunding General Obligation Bonds (Callable Portion)	2,730,000	6.40%
Special Assessment Bonds	<u>325,000</u>	6.03 - 7.635%
Total	<u>\$3,695,489</u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment plant construction project. The OWDA has approved up to \$1,035,483 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$34,642, including interest, over 30 years. The scheduled payment amount assumes that \$1,035,483 will be borrowed. The Ohio Public Works Commission (OPWC) loan relates to a road and sewer rehabilitation project. The Village borrowed \$282,274 for this project. The loan is interest free and will be repaid in semiannual installments of \$7,057 over 20 years. The General Obligation bonds were used for improvements to the Village's wastewater treatment plant. The Special Assessment bonds were used for sanitary sewer improvements.

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. DEBT (Continued)**

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

Year ending December 31:	OWDA Loan	OPWC Loan	General Obligation (Non Call) Bonds	General Obligation (Adv. Refund) Bonds	Special Assessment Bonds
2001	69,284	14,114	180,370	179,603	47,158
2002	69,284	14,114	0	354,400	45,449
Subsequent	<u>103,926</u>	<u>225,818</u>	<u>0</u>	<u>3,518,120</u>	<u>367,780</u>
Total	<u>\$242,494</u>	<u>\$254,046</u>	<u>\$180,370</u>	<u>\$4,052,123</u>	<u>\$460,387</u>

SUMMARY OF DEBT ACTIVITY

Schedule of outstanding debt at December 31, 1999:

	Principal Outstanding 12/31/98	Additions	Deletions	Principal Outstanding 12/31/99
Ohio Water Development Authority Loan	\$323,762	\$0	\$52,287	\$271,475
Ohio Public Works Commission	282,274	0	14,114	268,160
Miles Road Sewers S/A 7.25%	175,000	0	10,000	165,000
Hickory Hill Sewer S/A 6.03%	195,000	0	10,000	185,000
1991 Advance Refunding WW.T.P. G/O Bonds (Non Callable) 6.508%	480,000	0	150,000	330,000
1998 Advance Refunding G/O Bonds (Callable) 6.40%	<u>2,740,000</u>	<u>0</u>	<u>5,000</u>	<u>2,735,000</u>
Total	<u>\$4,196,036</u>	<u>\$0</u>	<u>\$241,401</u>	<u>\$3,954,635</u>

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. DEBT (Continued)**

Schedule of outstanding debt at December 31, 2000:

	Principal Outstanding 12/31/99	Additions	Deletions	Principal Outstanding 12/31/00
Ohio Water Development Authority Loan	\$271,475	\$0	\$55,032	\$216,443
Ohio Public Works Commission	268,160	0	14,114	254,046
Miles Road Sewers S/A 7.25%	165,000	0	15,000	150,000
Hickory Hill Sewer S/A 6.03%	185,000	0	10,000	175,000
1991 Advance Refunding WW.T.P. G/O Bonds (Non Callable) 6.508%	330,000	0	160,000	170,000
1998 Advance Refunding G/O Bonds (Callable) 6.40%	<u>2,735,000</u>	<u>0</u>	<u>5,000</u>	<u>2,730,000</u>
Total	<u>\$3,954,635</u>	<u>\$0</u>	<u>\$259,146</u>	<u>\$3,695,489</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (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 2000 and 1999, members of OP&F contributed 1.5% to OP&F while the Village picked up or contributed 8.5% on behalf of the members. The Village also contributed their employer amount equal to 19.5% of participant's wages. In addition to the Village contributing 8.5% on behalf of PERS members (pick-up) the Village also contributed its employer portion of 10.84% for 2000 (13.55% for 1999) of participant's gross salaries. The Village has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Northern Ohio Risk Management Association (NORMA) is jointly owned and operated by the Cities of Bedford Heights, Chagrin Falls Village, Eastlake, Highland Heights, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid, and Hudson Village for the purpose of enabling its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the mayor from each of the participating members. Each entity must commit to the joint venture for terms of three years.

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Each member provides operating resources to NORMA based on actuarially determined rates and shares in NORMA's residual equity based on the City's/Village's percentage of contributions. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$150,000 per occurrence, will be paid from the self-insurance pool with any excess paid from the stop loss coverage carried by the pool. As of December 31, 2000, NORMA had an aggregate stop loss of \$500,000 per policy year. Any losses over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

For the year ended December 31, 2000, the Village paid \$45,118 in premiums and the percentage of contributions by the members and their residual equity interests, after payment of all claims, are:

	<u>Percentage</u>
City of Bedford Heights	14.2
Village of Chagrin Falls	3.6
City of Eastlake	10.7
City of Highland Heights	6.3
Village of Hudson	11.2
City of Maple Heights	13.4
City of Mayfield Heights	8.7
City of Richmond Heights	5.2
City of Solon	16.2
City of South Euclid	<u>10.5</u>
Total	<u>100.0</u>

Management believes that the cash reserves for unpaid losses is adequate for current needs, but that they may be required to increase the cash contributions in the future, if determined necessary.

There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, legal counsel believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**10. JOINT VENTURE**

**Bedford Heights Municipal Jail**

The Bedford Heights Municipal Jail (the "Facility") is a joint venture among the municipalities of Chagrin Falls, Glenwillow, Moreland Hills and Bedford Heights. The facility is governed by a management advisory board consisting of the elected mayors of the four member municipalities. The board has complete authority over all aspects of the facilities operation. The facility provides all participating communities access to the use of the minimum security misdemeanor jail. The term of this joint venture shall be a minimum of twenty-five years. The Village of Chagrin Falls' interest in the facility is \$300,000, which represents 24 percent of the total facility. The facility is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the Village. Complete financial statements can be obtained from the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio 44146.

**VILLAGE OF CHAGRIN FALLS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**11. JOINTLY GOVERNED ORGANIZATION**

**Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 104 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2000. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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STATE OF OHIO  
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JIM PETRO, AUDITOR OF STATE

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

Village Council  
Village of Chagrin Falls  
Cuyahoga County  
21 West Washington Street  
Chagrin Falls, Ohio 44022

We have audited the financial statements of the Village of Chagrin Falls, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 18, 2001, wherein we noted the Village changed its classification of the Cemetery Perpetual Care Expendable Trust Fund. We conducted our audits 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 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 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 in a separate letter dated May 18, 2001.

### 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 18, 2001.

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

**Jim Petro**  
Auditor of State

May 18, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
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800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF CHAGRIN FALLS**

**CUYAHOGA 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 7, 2001**