



Mary Taylor, CPA
Auditor of State

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Grand River
Lake County
P.O. Box 216
205 Singer Avenue
Grand River, Ohio 44045-0216

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Grand River, Lake County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General and the Street, Construction, Maintenance and Repair funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

May 8, 2007

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the financial performance of the Village of Grand River, Cuyahoga County, Ohio, (the Village) provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$25,311, or 11.5 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Other Governmental Funds most specifically related to the Capital Projects Fund. This was due to the completion of a construction project in 2005.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 14 and 47 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 changed very little compared to 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we express the Village's activities as the following:

Governmental activities – The Village's basic services are reported here, including police, fire, and streets. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General fund and the Streets Construction, Maintenance, and Repair fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$194,372	\$219,683
Total Assets	\$194,372	\$219,683
Net Assets		
Restricted for:		
Capital Projects	\$13,799	\$42,016
Debt Service	272	272
Other Purposes	33,508	32,210
Unrestricted	146,793	145,185
Total Net Assets	\$194,372	\$219,683

As mentioned previously, net assets of governmental activities increased \$25,311 or 11.5 percent during 2006. The primary reason contributing to the decrease in cash balance was due to the completion of a construction project in 2005 which was funded through grant revenues.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets for 2006 compared to 2005 on a modified cash basis.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$60,550	\$54,221
Operating Grants and Contributions	12,809	1,000
Capital Grants and Contributions	18,195	144,223
Total Program Receipts	<u>91,554</u>	<u>199,444</u>
General Receipts:		
Property and Other Local Taxes	93,014	87,997
Income Taxes	307,022	308,708
Grants and Entitlements Not Restricted to Specific Programs	137,418	184,106
Interest	7,626	5,333
Miscellaneous	10,542	12,157
Total General Receipts	<u>555,622</u>	<u>598,301</u>
Total Receipts	<u>647,176</u>	<u>797,745</u>
Disbursements:		
General Government	143,655	142,509
Security of Persons and Property	433,839	405,023
Public Health Services	5,461	4,435
Leisure Time Activities	2,019	2,369
Community Environment	3,700	3,300
Transportation	47,640	28,246
Capital Outlay	22,744	178,091
Principal Retirement	11,900	4,792
Interest and Fiscal Charges	1,529	665
Total Disbursements	<u>672,487</u>	<u>769,430</u>
Increase (Decrease) in Net Assets	(25,311)	28,315
Net Assets, January 1	219,683	191,368
Net Assets, December 31	<u>\$194,372</u>	<u>\$219,683</u>

Program receipts represent only 14 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, mayor's court fines, and grants.

General receipts represent 86 percent of the Village's total receipts, and of this amount, over 72 percent are property and local income taxes. Grants and entitlements make up 25 percent of the Village's general receipts. Interest and Miscellaneous receipts made up the balance of the Village's general receipts.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the Fiscal Officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police and fire protection; Public Health Services are the county health department fees; Leisure Time Activities are the costs of maintaining the Village community activities; Community Environment is the cost of promoting the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government and security of persons and property, which account for 20 and 66 percent of all governmental disbursements, respectively. The next three columns of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (Disbursements) Receipts and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Governmental Activities		
	Total Cost Of Services	Net Cost of Services
	2006	2006
General Government	\$143,655	(\$133,155)
Security of Persons and Property	433,839	(387,311)
Public Health Services	5,461	(5,461)
Leisure Time Activities	2,019	(2,019)
Community Environment	3,700	(3,700)
Transportation	47,640	(47,640)
Capital Outlay	22,744	11,782
Principal Retirement	11,900	(11,900)
Interest and Fiscal Charges	1,529	(1,529)
Total Expenses	<u>\$672,487</u>	<u>(\$580,933)</u>

The dependence upon property and local income tax receipts is apparent as over 86 percent of governmental activities are supported through these general receipts.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Village's Funds

Total governmental funds had receipts of \$647,176 and disbursements of \$672,487. The greatest change within governmental funds occurred within the Other Governmental Funds – Capital Projects Fund. The fund balance of the Other Governmental Funds – Capital Projects Funds decreased \$21,626.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Government amended its General Fund budget, as needed, to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$694,985 while actual disbursements were \$625,285, which includes year end encumbrances. The Village kept spending close to budgeted amounts as demonstrated by the minor reported variances. The result is a decrease in fund balance of \$20,158 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Village maintains a listing of its capital assets and infrastructure. These records are not required to be presented in the financial statements.

Debt

At December 31, 2006, the Village's outstanding debt including interest included \$18,621 for a police cruiser note, and a \$9,831 Ohio Public Works Commission obligation for street improvements and \$19,827 for a new tractor purchased in 2006. For further information regarding the Village's debt, refer to Note 6 to the basic financial statements.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Rosie Hakola, Fiscal Officer, Village of Grand River, P.O. Box 216, 205 Singer Avenue, Grand River, Ohio 44045-0216.

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$194,372</u>
<i>Total Assets</i>	<u><u>\$194,372</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$13,799
Debt Service	272
Other Purposes	33,508
Unrestricted	<u>146,793</u>
<i>Total Net Assets</i>	<u><u>\$194,372</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Governmental Activities
Governmental Activities				
General Government	\$143,655	\$10,500		(\$133,155)
Security of Persons and Property	433,839	33,719	\$12,809	(387,311)
Public Health Services	5,461			(5,461)
Leisure Time Activities	2,019			(2,019)
Community Environment	3,700			(3,700)
Transportation	47,640			(47,640)
Capital Outlay	22,744	16,331		11,782
Principal Retirement	11,900			(11,900)
Interest and Fiscal Charges	1,529			(1,529)
<i>Total Governmental Activities</i>	<u>\$672,487</u>	<u>\$60,550</u>	<u>\$12,809</u>	<u>(\$580,933)</u>
		General Receipts		
		Property Taxes Levied for General Purposes		93,014
		Municipal Income Taxes		307,022
		Grants and Entitlements not Restricted to Specific Programs		137,418
		Interest		7,626
		Miscellaneous		10,542
		<i>Total General Receipts</i>		555,622
		Change in Net Assets		(25,311)
		<i>Net Assets Beginning of Year</i>		219,683
		<i>Net Assets End of Year</i>		<u>\$194,372</u>

See accompanying notes to the basic financial statements

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Street Construction, Maintenance, and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$146,793	\$21,429	\$26,150	\$194,372
<i>Total Assets</i>	<u>\$146,793</u>	<u>\$21,429</u>	<u>\$26,150</u>	<u>\$194,372</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$13,088		\$350	\$13,438
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	133,705			133,705
Special Revenue Funds		\$21,429	\$11,729	33,158
Debt Service Fund			272	272
Capital Projects Funds			13,799	13,799
<i>Total Fund Balances</i>	<u>\$146,793</u>	<u>\$21,429</u>	<u>\$26,150</u>	<u>\$194,372</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006*

Total Governmental Fund Balances	<u>\$194,372</u>
<i>Net Assets of Governmental Activities</i>	<u>\$194,372</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance, and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$307,022			\$307,022
Property and Other Local Taxes	93,014			93,014
Charges for Services	10,500			10,500
Fines, Licenses and Permits	30,829		\$19,221	50,050
Intergovernmental	105,594	\$29,437	33,391	168,422
Interest	7,626			7,626
Miscellaneous	10,542			10,542
<i>Total Receipts</i>	<u>565,127</u>	<u>29,437</u>	<u>52,612</u>	<u>647,176</u>
Disbursements				
Current:				
General Government	143,655			143,655
Security of Persons and Property	423,560		10,279	433,839
Public Health Services	5,461			5,461
Leisure Time Activities	2,019			2,019
Community Environment	3,700			3,700
Transportation	13,127	29,979	4,534	47,640
Capital Outlay			22,744	22,744
Debt Service:				
Principal Retirement	7,694	4,206		11,900
Interest and Fiscal Charges	984	545		1,529
<i>Total Disbursements</i>	<u>600,200</u>	<u>34,730</u>	<u>37,557</u>	<u>672,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,073)</u>	<u>(5,293)</u>	<u>15,055</u>	<u>(25,311)</u>
Other Financing Sources (Uses)				
Transfers In	40,000	0	0	40,000
Transfers Out	0	0	(40,000)	(40,000)
Advances In	0	0	3,319	3,319
Advances Out	(3,319)	0	0	(3,319)
<i>Total Other Financing Sources (Uses)</i>	<u>36,681</u>	<u>0</u>	<u>(36,681)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,608	(5,293)	(21,626)	(25,311)
<i>Fund Balances Beginning of Year</i>	<u>145,185</u>	<u>26,722</u>	<u>47,776</u>	<u>219,683</u>
<i>Fund Balances End of Year</i>	<u>\$146,793</u>	<u>\$21,429</u>	<u>\$26,150</u>	<u>\$194,372</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>(\$25,311)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$25,311)</u>

See accompanying notes to the basic financial statements

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$320,048	\$309,433	\$307,022	(\$2,411)
Property and Other Local Taxes	89,306	89,306	93,014	3,708
Charges for Services	\$10,945	10,582	10,500	(82)
Fines, Licenses and Permits	\$32,137	31,071	30,829	(242)
Intergovernmental	\$110,074	106,423	105,594	(829)
Interest	\$7,950	7,686	7,626	(60)
Miscellaneous	\$10,989	10,625	10,542	(83)
<i>Total receipts</i>	581,449	565,126	565,127	1
Disbursements				
Current:				
General Government	153,314	164,446	152,710	11,736
Security of Persons and Property	407,772	440,172	436,271	3,901
Public Health Services	5,461	5,461	5,461	0
Leisure Time Activities	3,275	3,275	2,019	1,256
Community Environment	5,550	4,350	3,700	650
Transportation	23,000	18,603	13,127	5,476
Debt Service:				
Principal Retirement	7,694	7,694	7,694	0
Interest and Fiscal Charges	984	984	984	0
<i>Total Disbursements</i>	607,050	644,985	621,966	23,019
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,601)	(79,859)	(56,839)	23,020
Other Financing Sources (Uses)				
Transfers In	40,000	40,000	40,000	0
Advances Out	(50,000)	(50,000)	(3,319)	46,681
<i>Total Other Financing Sources (Uses)</i>	(10,000)	(10,000)	36,681	46,681
<i>Net Change in Fund Balance</i>	(35,601)	(89,859)	(20,158)	69,701
<i>Fund Balance Beginning of Year</i>	140,955	140,955	140,955	0
Prior Year Encumbrances Appropriated	4,230	4,230	4,230	0
<i>Fund Balance End of Year</i>	\$109,584	\$55,326	\$125,027	\$69,701

See accompanying notes to the basic financial statements

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$26,000	\$26,000	\$29,437	\$3,437
<i>Total receipts</i>	<u>26,000</u>	<u>26,000</u>	<u>29,437</u>	<u>3,437</u>
Disbursements				
Current:				
Transportation	52,000	47,249	29,979	17,270
Debt Service:				
Principal Retirement	0	4,206	4,206	0
Interest and Fiscal Charges	0	545	545	0
<i>Total Disbursements</i>	<u>52,000</u>	<u>52,000</u>	<u>34,730</u>	<u>17,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,000)</u>	<u>(26,000)</u>	<u>(5,293)</u>	<u>20,707</u>
<i>Fund Balance Beginning of Year</i>	<u>26,722</u>	<u>26,722</u>	<u>26,722</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$722</u></u>	<u><u>\$722</u></u>	<u><u>\$21,429</u></u>	<u><u>\$20,707</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF GRAND RIVER
LAKE COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$10,630</u>
<i>Total Assets</i>	<u><u>\$10,630</u></u>
Net Assets	
Unrestricted	<u><u>\$10,630</u></u>

See accompanying notes to the basic financial statements

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**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1. 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. The Village provides general governmental services, including road maintenance, police service, fire protection, and emergency medical services.

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

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 over 100 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 2006. Financial information can be obtained by contacting NOPEC, 1615 Clarke Avenue, Cleveland, Ohio 44109.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

B. Fund Accounting

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Village's funds are classified as either governmental or fiduciary.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Village's major governmental funds:

General Fund – This 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.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. The Village has no trust funds. Agency funds are custodial in nature, where the Village deposits and pays cash as directed by another entity or individual. The Village's agency fund accounts for funds held for the Mayor's Court, Village Hall Rental, and Street Opening.

C. Basis of Presentation

The Village's basic financial statements consist of government-wide statements, which include a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the Village, except for fiduciary funds.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The statement of net assets presents the financial condition of the governmental activities of the Village at December 31, 2006. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities. Program Cash Receipts include monies provided by the recipient of the services offered by the program, grants and contributions that are restricted to meeting the operations or capital requirements of particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which the governmental programs are self-financing or draw from the general revenues of the Village.

Fund Financial Statements The Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

D. Cash and Investments

The Village invested in STAR Ohio during the audit period.

E. Inventory

On the modified cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

H. Net Assets

The financial statements report restricted net assets when contributors, grantors, or other external factors impose limitations in their use.

I. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

NOTE 3. DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had \$250 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$86,153 was not exposed to custodial credit risk. Those deposits were fully insured.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 3. DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2006, the Village had the following investment:

	<u>Carrying Value</u>	<u>Investment Maturity</u>
STAR Ohio	<u>\$130,264</u>	< 1 year

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

NOTE 4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

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

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

NOTE 5. LOCAL INCOME TAX

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 6. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Note 2005 - Police Cruiser	\$17,983	4.60%
2006 - Tractor	18,426	4.99%
OPWC 1999 - River Street Improvement	<u>9,831</u>	0.00%
Total	<u><u>\$46,240</u></u>	

The Village issued a note for a police cruiser in 2005 with Key Bank in the amount of \$25,469. The note is being paid in monthly installments over 4 years. The 1999 Ohio Public Works Commission (OPWC) obligations are for the River Street Improvement. The Village is required to pay off the \$15,336, in semi-annual payments over 20 years. In 2006, the Village entered into a lease purchase for a tractor in the amount of \$21,845. The lease is being paid over 4 years in semi-annual installments.

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

<u>Year ending December 31:</u>	<u>Police Cruiser Note</u>	<u>Tractor</u>	<u>OPWC Obligation</u>
2007	\$6,983	\$7,931	\$786
2008	6,983	7,931	786
2009	4,655	3,965	786
2010			786
2011			786
2012-2016			3,932
2017-2020			<u>1,969</u>
Total	<u><u>\$18,621</u></u>	<u><u>\$19,827</u></u>	<u><u>\$9,831</u></u>

NOTE 7. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 7. RETIREMENT SYSTEMS (Continued)

A. Ohio Public Employees Retirement System

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members were required to contribute 9 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$19,218, \$18,187, and \$20,499 respectively; 100 percent has been contributed for 2006, 2005 and 2004.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F 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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the employer is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's contributions to OP&F for police were \$4,492, \$4,536 and \$4,536 for the years ended December 31, 2006, 2005 and 2004. The full amount has been contributed for 2006, 2005 and 2004.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 8. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual Village contributions for 2006 which were used to fund postemployment benefits were \$9,400. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

NOTE 8. POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006, 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 that were used to fund postemployment health care benefits were \$2,963 for police. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters

NOTE 9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles, Emergency Medical Services, Law Enforcement Liability; and
- Commercial Catastrophe Liability, and errors and omissions.

The Village provides health, dental and vision insurance to full-time employees through a private carrier. The Village pays the State Workers' Compensation System a premium base on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

There have been no material changes in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 10. ENGINEERING SERVICES

The Village contracted with Oxbow Engineering, Inc. to provide services in connection with the construction of public improvements. The Village Zoning Inspector is an employee of Oxbow Engineering, Inc. During 2006, the Village paid \$7,860 to Oxbow Engineering, Inc.



Mary Taylor, CPA

Auditor of State

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

Village of Grand River
Lake County
P.O. Box 216
205 Singer Avenue
Grand River, Ohio 44045-0216

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated May 8, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 8, 2007



Mary Taylor, CPA
Auditor of State

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
MAY 29, 2007**