



**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  
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, 2008, 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 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 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, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street, Construction, Maintenance and Repair and ODNR Wildlife Grant 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 July 17, 2009, 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.

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

July 17, 2009

**VILLAGE OF GRAND RIVER  
LAKE COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited

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This discussion and analysis of the financial performance of the Village of Grand River, Lake County, Ohio, (the Village) provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's 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 2008 are as follows:

Net assets of governmental activities decreased \$78,119, or 39 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund. The most significant decreases were in Property and Income Tax Revenues.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 19 and 53 percent of the total general receipts received for governmental activities during the year.

**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 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 cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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, 2008  
Unaudited  
(Continued)

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**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2008, within the limitations of 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 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 and the Street, Construction, Maintenance, and Repair, ODNR, and Capital Projects funds. 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, 2008  
Unaudited  
(Continued)

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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2007	2008
<b>Assets</b>		
Cash and Cash Equivalents	\$201,180	\$123,061
Total Assets	\$201,180	\$123,061
<b>Net Assets</b>		
Restricted for:		
Capital Projects	\$19,476	\$32,078
Debt Service	272	272
Other Purposes	37,224	47,108
Unrestricted	144,208	43,603
Total Net Assets	\$201,180	\$123,061

As mentioned previously, net assets of governmental activities decreased \$78,119, or 39 percent. The fund most affected by the decrease in cash and cash equivalents was the General Fund. The most significant decreases were in Property and Income Tax Revenues.

**VILLAGE OF GRAND RIVER  
LAKE COUNTY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited  
(Continued)

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Table 2 reflects the changes in net assets for 2008 compared to 2007 on a cash basis.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2007	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$47,965	\$54,119
Operating Grants and Contributions	3,000	4,857
Capital Grants and Contributions	11,017	145,423
Total Program Receipts	<u>61,982</u>	<u>204,399</u>
General Receipts:		
Property and Other Local Taxes	106,743	98,453
Income Taxes	333,285	271,454
Grants and Entitlements Not Restricted to Specific Programs	134,286	132,965
Interest	6,548	2,690
Miscellaneous	1,490	2,242
Total General Receipts	<u>582,352</u>	<u>507,804</u>
Total Receipts	<u>644,334</u>	<u>712,203</u>
Disbursements:		
General Government	154,379	144,416
Security of Persons and Property	413,793	426,424
Public Health Services	4,831	4,977
Leisure Time Activities	2,549	2,605
Community Environment	18,660	154,148
Transportation	35,911	42,052
Principal Retirement	14,195	14,850
Interest and Fiscal Charges	1,505	850
Total Disbursements	<u>645,823</u>	<u>790,322</u>
Excess (Deficiency) Before Transfers	(1,489)	(78,119)
Special Item - Proceeds Sales of Equipment	4,009	0
Transfers	<u>4,288</u>	<u>0</u>
Increase (Decrease) in Net Assets	6,808	(78,119)
Net Assets, January 1	<u>194,372</u>	<u>201,180</u>
Net Assets, December 31	<u>\$201,180</u>	<u>\$123,061</u>

Program receipts represent only 29 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.

**VILLAGE OF GRAND RIVER  
LAKE COUNTY**

Management's Discussion and Analysis  
For the Year Ended December 31, 2008  
Unaudited  
(Continued)

General receipts represent 71 percent of the Village's total receipts, and of this amount, over 73 percent are property and local income taxes. Grants and entitlements make up 26 percent of the Village's general receipts. Interest and Miscellaneous receipts are made up the balance of the Village's general receipts.

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 18 and 54 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 compare 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.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2008	Net Cost of Services 2008
General Government	\$144,416	(\$129,528)
Security of Persons and Property	426,424	(397,440)
Public Health Services	4,977	(4,977)
Leisure Time Activities	2,605	(2,605)
Community Environment	154,148	3,878
Transportation	42,052	(39,551)
Principal Retirement	14,850	(14,850)
Interest and Fiscal Charges	850	(850)
<b>Total Expenses</b>	<b>\$790,322</b>	<b>(\$585,923)</b>

The dependence upon property and local income tax receipts is apparent as over 63 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, 2008  
Unaudited  
(Continued)

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**The Village's Funds**

Total governmental funds had receipts of \$870,290 and disbursements of \$948,409, which include Transfers and Advances. The increase in overall receipts and disbursements is the result of a onetime grant for the construction of docks.

**General Fund Budgeting Highlights**

The Village'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 2008, the Village 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 \$644,619 while actual disbursements were \$617,302, which includes year-end encumbrances, and transfers. The significant change is in the General Fund budget was the result of advances to the ODNR Wild Life Fund for the construction of docks.

**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, 2008, the Village's outstanding debt including interest included \$3,965 for a tractor note, and a \$8,259 Ohio Public Works Commission obligation for street improvements and \$4,655 for a police cruiser. For further information regarding the Village's debt, refer to Note 11 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 - Cash Basis*  
*December 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$123,061</u>
<i>Total Assets</i>	<u><u>\$123,061</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$32,078
Debt Service	272
Other Purposes	47,108
Unrestricted	<u>43,603</u>
<i>Total Net Assets</i>	<u><u>\$123,061</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER**  
**LAKE COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				<b>Governmental Activities</b>
General Government	\$144,416	\$14,888		(\$129,528)
Security of Persons and Property	426,424	26,628	2,356	(397,440)
Public Health Services	4,977			(4,977)
Leisure Time Activities	2,605			(2,605)
Community Environment	154,148	12,603		3,878
Transportation	42,052		2,501	(39,551)
Principal Retirement	14,850			(14,850)
Interest and Fiscal Charges	850			(850)
<i>Total Governmental Activities</i>	<u>\$790,322</u>	<u>\$54,119</u>	<u>\$4,857</u>	<u>(\$585,923)</u>
		<b>General Receipts</b>		
				98,453
				271,454
				132,965
				2,690
				<u>2,242</u>
				<i>Total General Receipts</i>
				507,804
				(78,119)
				<i>Net Assets Beginning of Year</i>
				<u>201,180</u>
				<i>Net Assets End of Year</i>
				<u>\$123,061</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER  
LAKE COUNTY**  
*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008*

	General	Street Construction, Maintenance, and Repair	Capital Projects	ODNR Wild Life Grant	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash						
Equivalents	\$43,603	\$32,006	\$32,078	\$3,483	\$11,891	\$123,061
<i>Total Assets</i>	<u>\$43,603</u>	<u>\$32,006</u>	<u>\$32,078</u>	<u>\$3,483</u>	<u>\$11,891</u>	<u>\$123,061</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$4,800					\$4,800
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	38,803					38,803
Special Revenue Funds		\$32,006		\$3,483	\$11,619	47,108
Debt Service Fund					272	272
Capital Projects Funds			32,078			32,078
<i>Total Fund Balances</i>	<u>\$43,603</u>	<u>\$32,006</u>	<u>\$32,078</u>	<u>\$3,483</u>	<u>\$11,891</u>	<u>\$123,061</u>

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER  
LAKE COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008*

	General	Street Construction, Maintenance, and Repair	Capital Projects	ODNR Wild Life Grant	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$271,454					\$271,454
Property and Other Local Taxes	98,453					98,453
Charges for Services	14,888					14,888
Fines, Licenses and Permits	23,558		12,603		2,130	38,291
Intergovernmental	99,948	30,541		145,423	8,273	284,185
Interest	2,074	577			39	2,690
Miscellaneous	2,242					2,242
<i>Total Receipts</i>	<u>512,617</u>	<u>31,118</u>	<u>12,603</u>	<u>145,423</u>	<u>10,442</u>	<u>712,203</u>
<b>Disbursements</b>						
Current:						
General Government	144,416					144,416
Security of Persons and Property	418,594				7,830	426,424
Public Health Services	4,977					4,977
Leisure Time Activities	2,605					2,605
Community Environment	13,659			140,489		154,148
Transportation	20,319	19,411			2,322	42,052
Debt Service:						
Principal Retirement	6,607	8,243				14,850
Interest and Fiscal Charges	376	474				850
<i>Total Disbursements</i>	<u>611,553</u>	<u>28,128</u>	<u>0</u>	<u>140,489</u>	<u>10,152</u>	<u>790,322</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(98,936)</u>	<u>2,990</u>	<u>12,603</u>	<u>4,934</u>	<u>290</u>	<u>(78,119)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	327	2,969			154	3,450
Transfers Out	(949)				(2,501)	(3,450)
Advances In	76,794			74,343	3,500	154,637
Advances Out	(77,843)			(75,794)	(1,000)	(154,637)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,671)</u>	<u>2,969</u>	<u>0</u>	<u>(1,451)</u>	<u>153</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(100,607)</u>	<u>5,959</u>	<u>12,603</u>	<u>3,483</u>	<u>443</u>	<u>(78,119)</u>
<i>Fund Balances Beginning of Year</i>	<u>144,210</u>	<u>26,047</u>	<u>19,475</u>	<u>0</u>	<u>11,448</u>	<u>201,180</u>
<i>Fund Balances End of Year</i>	<u>\$43,603</u>	<u>\$32,006</u>	<u>\$32,078</u>	<u>\$3,483</u>	<u>\$11,891</u>	<u>\$123,061</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, 2008*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$322,382	\$322,382	\$271,454	(\$50,928)
Property and Other Local Taxes	103,040	103,040	98,453	(4,587)
Charges for Services	17,681	17,681	14,888	(2,793)
Fines, Licenses and Permits	27,978	27,978	23,558	(4,420)
Intergovernmental	118,699	118,699	99,948	(18,751)
Interest	2,463	2,463	2,074	(389)
Miscellaneous	3,051	3,051	2,242	(809)
<i>Total receipts</i>	595,294	595,294	512,617	(82,677)
<b>Disbursements</b>				
Current:				
General Government	171,610	169,843	144,416	25,427
Security of Persons and Property	410,950	419,750	423,394	(3,644)
Public Health Services	4,977	4,977	4,977	0
Leisure Time Activities	3,200	3,200	2,605	595
Community Environment	7,850	13,800	13,659	141
Transportation	25,000	25,000	20,319	4,681
Debt Service:				
Principal Retirement	6,700	6,700	6,607	93
Interest and Fiscal Charges	400	400	376	24
<i>Total Disbursements</i>	630,687	643,670	616,353	27,317
<i>Excess of Receipts Over (Under) Disbursements</i>	(35,393)	(48,376)	(103,736)	(55,360)
<b>Other Financing Sources (Uses)</b>				
Transfers In	327	327	327	0
Transfers Out	0	(949)	(949)	0
Advances In	0	0	76,794	76,794
Advances Out	0	0	(77,843)	(77,843)
<i>Total Other Financing Sources (Uses)</i>	327	(622)	(1,671)	(1,049)
<i>Net Change in Fund Balance</i>	(35,066)	(48,998)	(105,407)	(56,409)
<i>Fund Balance Beginning of Year</i>	138,233	138,233	138,233	0
Prior Year Encumbrances Appropriated	5,977	5,977	5,977	0
<i>Fund Balance End of Year</i>	\$109,144	\$95,212	\$38,803	(\$56,409)

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, 2008*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$27,000	\$27,000	\$30,541	\$3,541
Interest	0	0	577	577
<i>Total receipts</i>	<u>27,000</u>	<u>27,000</u>	<u>31,118</u>	<u>4,118</u>
<b>Disbursements</b>				
Current:				
Transportation	42,250	42,250	19,411	22,839
Debt Service:				
Principal Retirement	8,250	8,250	8,243	7
Interest and Fiscal Charges	500	500	474	26
<i>Total Disbursements</i>	<u>51,000</u>	<u>51,000</u>	<u>28,128</u>	<u>22,872</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,000)</u>	<u>(24,000)</u>	<u>2,990</u>	<u>26,990</u>
<b>Other Financing Sources</b>				
Transfers In	0	0	2,969	2,969
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>2,969</u>	<u>2,969</u>
<i>Net Change in Fund Balance</i>	<u>(24,000)</u>	<u>(24,000)</u>	<u>5,959</u>	<u>29,959</u>
<i>Fund Balance Beginning of Year</i>	<u>26,047</u>	<u>26,047</u>	<u>26,047</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,047</u></u>	<u><u>\$2,047</u></u>	<u><u>\$32,006</u></u>	<u><u>\$29,959</u></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  
ODNR Wild Life Grant Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$142,421	\$142,421	\$145,423	\$3,002
<i>Total receipts</i>	142,421	142,421	145,423	3,002
<b>Disbursements</b>				
Current:				
Community Environment	138,350	140,283	140,489	(206)
<i>Total Disbursements</i>	138,350	140,283	140,489	(206)
<i>Excess of Receipts Over (Under) Disbursements</i>	4,071	2,138	4,934	2,796
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	74,343	74,343
Advances Out	0	0	(75,794)	(75,794)
<i>Total Other Financing Sources (Uses)</i>	0	0	(1,451)	(1,451)
<i>Net Change in Fund Balance</i>	4,071	2,138	3,483	1,345
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$4,071	\$2,138	\$3,483	\$1,345

See accompanying notes to the basic financial statements

**VILLAGE OF GRAND RIVER**  
**LAKE COUNTY**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Fund*  
*December 31, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,966</u>
<i>Total Assets</i>	<u><u>\$3,966</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$3,966</u></u>

See accompanying notes to the basic financial statements

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008

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**Note 1 – Reporting 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 reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general governmental services, including road maintenance, police service, fire protection, and emergency medical services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village had no component units.

**C. Jointly Governed Organization**

The Village participates in one jointly governed organization. Note 13 to the financial statements provides additional information for this entity. This organization is:

Jointly Governed Organization:

Northeast Ohio Public Energy Council: Northeast Ohio Public Energy Council (NOPEC) is a regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. The Village has no enterprise funds. Following are the more significant of the Village's accounting policies.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including 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 primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances, of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General, Capital Projects, ODNR and Street, Construction, Maintenance and Repair Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. This Street, Construction, Maintenance and Repair Fund received gasoline and motor vehicle tax money for construction, maintaining and repairing Village streets. The ODNR was for wildlife community environment. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds account for the Mayor's Court, Village Hall Rental, and Street Opening.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2008, the Village invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$2,074 which includes \$1,121 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.



Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**L. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street construction, maintenance and repairs.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general and the street, construction, maintenance and repair funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$4,800 for the general fund. The outstanding advances at year end amounted to \$77,843 for the general fund.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 4 – 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;
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).

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 4 - Deposits and Investments** (continued)

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 \$150 in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

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 \$32,565 was not exposed to custodial credit risk. Deposits were either insured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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.

Investments

As of December 31, 2008, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$127,029	< 1 year
Total Portfolio	<u>\$127,029</u>	

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 5 – Income Taxes**

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of 100 percent of the 2 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2008, was \$85.61 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$12,686,950
Public Utility Property	409,270
Tangible Personal Property	1,628,558
Total Assessed Values	<u>\$14,724,778</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 7 – Interfund Activities**

Interfund balances at December 31, 2008, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Other Governmental Funds:	
ODNR Wildlife Grant	\$6,692
ODOT Safetia-Lu	4,280
Cops More CP	6,500
Ohio EMS Grant	2,500
Cops More Admin	2,000
Total Due to General Fund	\$21,972

The balance due to the General Fund includes loans made to provide working capital for grant operations. All of these amounts are expected to be repaid within one year.

**Note 8 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the Village contracted for various types of insurance coverage with Fireman's Fund as follows:

Type of Coverage	Amount of Coverage
Commercial Property and Additional Endorsements	\$1,193,580
Property Guard Building and Personal Property Coverage	2,445,000
General Liability	2,000,000
Products completed Operations	1,000,000
Personal & Advertising Injury	1,000,000
Damage To Premises Rented	100,000
Medical Expense Limit	5,000
Law Enforcement	1,000,000
Inland Marine	142,572
Vehicle	1,026,000
Errors and Omissions	1,000,000
Public Officials	1,000,000
Excess Liability	2,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village did not provide any health care coverage to its employees during 2008.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll. The Village's contribution rate for 2008 was 14 percent. For 2008, a portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$13,027, \$17,301, and \$19,218, respectively. The full amount has been contributed for 2008, 2007 and 2006. There were no contributions to the member-directed plan for 2008.

**B. Ohio Police and Fire Pension Fund**

Plan Description - 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 pension 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. For 2008, a portion of the Village's contribution equal to 7.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2008, 2007, and 2006 were \$5,173, \$4,239, and \$4,492. The full amount has been contributed for 2008, 2007 and 2006.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

*Ohio Public Employees Retirement System:* OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEN benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employer units contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits.

For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The City's actual contributions for 2008 which were used to fund post-employment benefits were \$13,027. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

*Ohio Police and Fire Pension Fund:* The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependants.

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 10 - Postemployment Benefits** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

OP&F provides access to post-retirement health care coverage for 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. The healthcare coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of the covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts: One for health care benefits under IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of the Village's contributions that was used to pay post-employment benefits for 2008, 2007 and 2006 was \$2,783, \$2,797, \$2,963, for police respectively.



Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

**Note 11 – Debt**

The Village's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<b>Governmental Activities</b>						
2005 Police Cruiser Loan	4.6%	\$11,183	\$0	\$6,607	\$4,576	\$4,576
2006 Tractor Loan	4.99%	11,327	0	7,457	3,870	3,870
1999 OPWC Loan	0%	9,045	0	786	8,259	786
Total Governmental Activities		\$31,555	\$0	\$14,850	\$16,705	\$9,232

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:

Year ending December 31:	Tractor	Police Cruiser Note	OPWC Obligation
2009	\$3,965	\$4,655	\$786
2010			786
2011			786
2012			786
2013			786
2014-2018			3,930
2019-2020			399
Total	\$3,965	\$4,655	\$8,259

**Note 12 – Interfund Transfers**

During 2008, the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds – SCMR Fund	\$949
Total Transfers from the General Fund	<u>\$949</u>
Transfers from Other Governmental Funds – FEMA Fund to:	
General Fund	\$327
State Highway Special Revenue Fund	104
Street, Construction, Maintenance, and Repair	2,070
Total Transfers from Other Governmental Funds	<u>\$2,501</u>
Total Transfers	<u>\$3,450</u>

Village of Grand River  
Notes to the Financial Statements  
For the Year Ended December 31, 2008  
(Continued)

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**Note 12 – Interfund Transfers** (continued)

The transfer from the General Fund to the Street, Construction, Maintenance and Repair Fund was to correct earned interest posted in 2007. The transfer from the FEMA Fund to the General, Street, Construction, Maintenance and Repair and State Highway Funds was to reimburse for expenditures related to the FEMA grant with federal funds received from FEMA.

**Note 13 – Jointly Governed Organizations**

**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 2008. Financial information can be obtained by contacting NOPEC, 583 East Aurora Road, Macedonia, Ohio 44056.

**Note 14 – Related Party Transactions**

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 2008, the Village paid \$11,992.50 to Oxbow Engineering, Inc.

**Note 15 – Compliance**

Ohio Revised Code section 5705.39 states, in part, that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The following funds had appropriations exceeding estimated resources at December 31, 2008:

<b><u>Fund</u></b>	<b><u>Appropriations</u></b>	<b><u>Estimated Resources</u></b>	<b><u>Variance</u></b>
<b>Special Revenue Funds:</b>			
Ohio EMS Grant	\$2,979	\$479	\$2,500
FEMA Fund	2,501	0	2,501
Northern Border Land Patrol	3,825	997	2,828
Law Enforcement Assistance	500	0	500
<b>Agency Funds:</b>			
Hall Rental	600	300	300
Mayor's Court	35,696	25,696	10,000

In the future, the Village will budget for all estimated resources.



# 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  
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 Village of Grand River, Lake County, (the Village) as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 17, 2009. 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 matter that we reported to the Village's management in a separate letter dated July 17, 2009.

### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note a noncompliance or other matter that we reported to the Village's management in a separate letter dated July 17, 2009.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



**Mary Taylor, CPA**  
Auditor of State

July 17, 2009

VILLAGE OF GRAND RIVER  
LAKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-001

**Noncompliance Finding**

**Appropriations Exceeding Estimated Resources**

Ohio Revised Code section 5705.39 states, in part, that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The following funds had appropriations exceeding estimated resources at December 31, 2008:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
<b><u>Special Revenue Funds:</u></b>			
Ohio EMS Grant	\$2,979	\$479	\$2,500
FEMA Fund	2,501	0	2,501
Northern Border Land Patrol	3,825	997	2,828
Law Enforcement Assistance	500	0	500
<b><u>Agency Funds:</u></b>			
Hall Rental	600	300	300
Mayor's Court	35,696	25,696	10,000

Failure to monitor appropriations in relation to Estimated Resources could result in unauthorized expenditures.

We recommend the Village closely monitor the appropriations to ensure that they do not exceed estimated resources and update the amended certificate with the County Auditor as needed.

**Officials' Response**

Failure to update the certificate of estimated resources was an oversight. In the future, the Village will budget for all estimated resources.





**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  
AUGUST 18, 2009**