



Dave Yost • Auditor of State

VILLAGE OF GRAND RIVER
LAKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Grand River, Lake County, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Grand River, Lake County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 20, 2015

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$63,140	\$0	\$0	\$0	\$63,140
Municipal Income Tax	290,891	0	0	0	290,891
Intergovernmental	53,953	134,777	0	0	188,730
Special Assessments	0	0	0	0	0
Charges for Services	36,277	0	0	0	36,277
Fines, Licenses and Permits	19,278	1,570	0	0	20,848
Earnings on Investments	37	23	0	0	60
Miscellaneous	12,842	0	0	700	13,542
<i>Total Cash Receipts</i>	<u>476,418</u>	<u>136,370</u>	<u>0</u>	<u>700</u>	<u>613,488</u>
Cash Disbursements					
Current:					
Security of Persons and Property	327,889	4,624	0	0	332,513
Public Health Services	3,682	0	0	0	3,682
Leisure Time Activities	1,185	0	0	0	1,185
Community Environment	4,882	0	0	0	4,882
Basic Utility Services	0	0	0	0	0
Transportation	16,866	5,869	0	9,767	32,502
General Government	125,669	123,462	0	0	249,131
Capital Outlay	0	0	0	11,077	11,077
Debt Service:					
Principal Retirement	0	0	7,500	0	7,500
Interest and Fiscal Charges	0	0	10,592	0	10,592
<i>Total Cash Disbursements</i>	<u>480,173</u>	<u>133,955</u>	<u>18,092</u>	<u>20,844</u>	<u>653,064</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,755)</u>	<u>2,415</u>	<u>(18,092)</u>	<u>(20,144)</u>	<u>(39,576)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	3,260	18,092	25,108	46,460
Transfers Out	(21,352)	(25,108)	0	0	(46,460)
Advances In	0	0	0	0	0
Advances Out	0	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(21,352)</u>	<u>(21,848)</u>	<u>18,092</u>	<u>25,108</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(25,107)</u>	<u>(19,433)</u>	<u>0</u>	<u>4,964</u>	<u>(39,576)</u>
<i>Fund Cash Balances, January 1</i>	<u>58,669</u>	<u>93,385</u>	<u>0</u>	<u>56,692</u>	<u>208,746</u>
Fund Cash Balances, December 31					
Restricted	0	73,952	0	61,656	135,608
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	33,562	0	0	0	33,562
<i>Fund Cash Balances, December 31</i>	<u>\$33,562</u>	<u>\$73,952</u>	<u>\$0</u>	<u>\$61,656</u>	<u>\$169,170</u>

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

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Charges for Services	\$24,055
Miscellaneous	731
	<u>24,786</u>
<i>Total Operating Cash Receipts</i>	<u>24,786</u>
Operating Cash Disbursements	
Personal Services	0
Employee Fringe Benefits	0
Contractual Services	0
Supplies and Materials	0
	<u>0</u>
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Operating Income (Loss)</i>	<u>24,786</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	0
Principal Retirement	0
Interest and Other Fiscal Charges	0
Other Financing Sources	0
Other Financing Uses	(30,375)
	<u>(30,375)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(30,375)</u>
<i>Income (Loss) before Transfers</i>	(5,589)
Transfers In	0
Transfers Out	0
	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(5,589)
<i>Fund Cash Balances, January 1</i>	<u>10,076</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$4,487</u></u>

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

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$64,158	\$0	\$0	\$0	\$64,158
Municipal Income Tax	290,075	0	0	0	290,075
Intergovernmental	54,516	54,503	0	0	109,019
Special Assessments	0	0	0	0	0
Charges for Services	23,659	0	0	0	23,659
Fines, Licenses and Permits	17,258	1,700	0	0	18,958
Earnings on Investments	95	45	0	0	140
Miscellaneous	2,595	0	0	140	2,735
<i>Total Cash Receipts</i>	<u>452,356</u>	<u>56,248</u>	<u>0</u>	<u>140</u>	<u>508,744</u>
Cash Disbursements					
Current:					
Security of Persons and Property	351,364	2,845	0	0	354,209
Public Health Services	3,835	0	0	0	3,835
Leisure Time Activities	1,355	0	0	0	1,355
Community Environment	5,560	0	0	0	5,560
Basic Utility Services	0	0	0	0	0
Transportation	16,529	14,250	0	0	30,779
General Government	124,659	30,686	0	0	155,345
Debt Service:					
Principal Retirement	0	0	7,000	0	7,000
Interest and Fiscal Charges	0	0	10,652	0	10,652
<i>Total Cash Disbursements</i>	<u>503,302</u>	<u>47,781</u>	<u>17,652</u>	<u>0</u>	<u>568,735</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(50,946)</u>	<u>8,467</u>	<u>(17,652)</u>	<u>140</u>	<u>(59,991)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	17,652	0	17,652
Transfers Out	(17,652)	0	0	0	(17,652)
Advances In	0	0	0	0	0
Advances Out	0	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17,652)</u>	<u>0</u>	<u>17,652</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(68,598)</u>	<u>8,467</u>	<u>0</u>	<u>140</u>	<u>(59,991)</u>
<i>Fund Cash Balances, January 1</i>	<u>127,267</u>	<u>84,918</u>	<u>0</u>	<u>56,552</u>	<u>268,737</u>
Fund Cash Balances, December 31					
Restricted	0	93,385	0	56,692	150,077
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	58,669	0	0	0	58,669
<i>Fund Cash Balances, December 31</i>	<u>\$58,669</u>	<u>\$93,385</u>	<u>\$0</u>	<u>\$56,692</u>	<u>\$208,746</u>

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

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Charges for Services	\$23,620
Miscellaneous	435
	24,055
<i>Total Operating Cash Receipts</i>	<i>24,055</i>
Operating Cash Disbursements	
Personal Services	0
Employee Fringe Benefits	0
Contractual Services	0
Supplies and Materials	0
	0
<i>Total Operating Cash Disbursements</i>	<i>0</i>
<i>Operating Income (Loss)</i>	<i>24,055</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	0
Principal Retirement	0
Interest and Other Fiscal Charges	0
Other Financing Sources	4,340
Other Financing Uses	(23,605)
	(19,265)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(19,265)</i>
<i>Income (Loss) before Transfers</i>	<i>4,790</i>
Transfers In	0
Transfers Out	0
	0
<i>Net Change in Fund Cash Balances</i>	<i>4,790</i>
<i>Fund Cash Balances, January 1</i>	<i>5,286</i>
<i>Fund Cash Balances, December 31</i>	<i>\$10,076</i>

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

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Grand River, Lake County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, general governmental services, building, zoning, and police and fire protection.

The Village participates in the following jointly governed organization:

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council ("NOPEC"), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 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 of Directors 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 of Directors. The Village did not contribute to NOPEC in 2014 or 2013. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Solon, Ohio, 44139.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments (Continued)

The Village invests in STAR Ohio (the State Treasurer's investment pool). The investment in STAR Ohio is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

NOPEC Grant Fund - This fund receives grant funds from NOPEC for energy efficiency projects at Village Hall.

Merrick Hutchinson School Demo Fund -This fund receives monies from the Lake County Land Reutilization Corp for the demolition of a school building.

FEMA / Homeland Security Fund -This fund receives grant funds for the purchase of protective fire gear.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

General Obligation Bond Retirement Fund - This fund receives funds to pay the General Obligation of the Village.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

School Property Fund - This fund receives monies for land improvement to convert the school property into a park.

OPWC Project Fund - This fund receives grant monies for street projects.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 did not have private purpose trust funds for the audit period.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's significant agency fund accounts for Mayor's Court activity.

E. Budgetary Process

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

1. Appropriations

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

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Demand deposits	\$42,664	\$87,873
STAR Ohio	130,993	130,949
Total deposits and investments	\$173,657	\$218,822

Deposits: Deposits are insured by the Federal Depository Insurance.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and December 31, 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$434,664	\$476,418	\$41,754
Special Revenue	167,635	139,630	(28,005)
Debt Service	18,092	18,092	0
Capital Projects	121,308	25,808	(95,500)
Total	\$741,699	\$659,948	(\$81,751)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$502,772	\$501,525	\$1,247
Special Revenue	168,915	161,700	7,215
Debt Service	18,092	18,092	0
Capital Projects	177,800	117,007	60,793
Total	\$867,579	\$798,324	\$69,255

**VILLAGE OF GRAND RIVER
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$420,239	\$452,356	\$32,117
Special Revenue	63,940	56,248	(7,692)
Debt Service	17,652	17,652	0
Capital Projects	0	140	140
Total	\$501,831	\$526,396	\$24,565

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$540,382	\$520,954	\$19,428
Special Revenue	129,600	49,041	80,559
Debt Service	17,652	17,652	0
Capital Projects	21,692	0	21,692
Total	\$709,326	\$587,647	\$121,679

The Village is not required to budget for the agency funds.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

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 Village 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 FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$ 215,500	4.75%
OPWC Obligation	3,932	0.00%
	\$ 219,432	

The General Obligation Bonds were issued for the demolition to turn a school building into a park. The bonds will be repaid in annual installments over 20 years.

The Ohio Public Works Commission (OPWC) obligation was issued in 1999 for the River Street improvement project. The obligation will be repaid in semi-annual installments over 20 years.

Year ending December 31:	General Obligation Bonds	OPWC obligation
2015	\$18,036	\$786
2016	18,066	786
2017	18,076	786
2018	18,068	786
2019	18,040	788
2020-2024	90,439	
2025-2029	90,427	
2030-2032	54,278	
Total	\$325,430	\$3,932

7. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2013 through June 30, 2013, OP&F participants contributed 10% of their wages, for July 1, 2013 through June 30, 2014, OP&F participants contributed 10.75% of their wages, and for July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

VILLAGE OF GRAND RIVER
LAKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

8. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Street
Grand River, Ohio 44045

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Grand River, Lake County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 20, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.ohioauditor.gov

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

May 20, 2015



Dave Yost • 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
JUNE 2, 2015