



Dave Yost • Auditor of State

VILLAGE OF GRAND RAPIDS
WOOD 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, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	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>	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings	20

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Grand Rapids
Wood County
P. O. Box 309
Grand Rapids, Ohio 43522-0309

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Grand Rapids, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

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 opinions.

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

As described in Note 1B 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, 2015 and 2014, or changes in financial position or cash flows 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 Rapids, Wood County, Ohio as of December 31, 2015 and 2014, 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, 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

July 26, 2016

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$33,609	\$35,137			\$68,746
Municipal Income Tax	600	203,219			203,819
Intergovernmental	53,968	47,817			101,785
Special Assessments	139	17,145			17,284
Charges for Services		231		\$27,774	28,005
Fines, Licenses and Permits	5,694				5,694
Earnings on Investments	4,287	2			4,289
Miscellaneous	20,130	76			20,206
<i>Total Cash Receipts</i>	<u>118,427</u>	<u>303,627</u>		<u>27,774</u>	<u>449,828</u>
Cash Disbursements					
Current:					
Security of Persons and Property	87,635	21,663			109,298
Public Health Services	734				734
Leisure Time Activities	30,488				30,488
Community Environment	1,644				1,644
Basic Utility Services	10,722				10,722
Transportation	2,237	38,333			40,570
General Government	98,459	42,897			141,356
Capital Outlay	28,244	431		15,499	44,174
Debt Service:					
Principal Retirement			\$70,457		70,457
Interest and Fiscal Charges			2,847		2,847
<i>Total Cash Disbursements</i>	<u>260,163</u>	<u>103,324</u>	<u>73,304</u>	<u>15,499</u>	<u>452,290</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,736)</u>	<u>200,303</u>	<u>(73,304)</u>	<u>12,275</u>	<u>(2,462)</u>
Other Financing Receipts (Disbursements)					
Transfers In	120,997	826	54,000	40,057	215,880
Transfers Out	(826)	(161,054)			(161,880)
Other Financing Uses	(488)				(488)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>119,683</u>	<u>(160,228)</u>	<u>54,000</u>	<u>40,057</u>	<u>53,512</u>
<i>Net Change in Fund Cash Balances</i>	<u>(22,053)</u>	<u>40,075</u>	<u>(19,304)</u>	<u>52,332</u>	<u>51,050</u>
<i>Fund Cash Balances, January 1</i>	<u>363,555</u>	<u>315,256</u>	<u>50,509</u>	<u>339,966</u>	<u>1,069,286</u>
Fund Cash Balances, December 31					
Restricted		355,008	31,205		386,213
Committed				392,298	392,298
Assigned	275,849	323			276,172
Unassigned	65,653				65,653
<i>Fund Cash Balances, December 31</i>	<u>\$341,502</u>	<u>\$355,331</u>	<u>\$31,205</u>	<u>\$392,298</u>	<u>\$1,120,336</u>

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$532,104	\$74,570	\$606,674
Operating Cash Disbursements			
Personal Services	98,066		98,066
Employee Fringe Benefits	39,546		39,546
Contractual Services		74,483	74,483
Supplies and Materials	244,939		244,939
Other	760		760
<i>Total Operating Cash Disbursements</i>	<u>383,311</u>	<u>74,483</u>	<u>457,794</u>
<i>Operating Income</i>	148,793	87	148,880
Transfers Out	<u>(54,000)</u>		<u>(54,000)</u>
<i>Net Change in Fund Cash Balances</i>	94,793	87	94,880
<i>Fund Cash Balances, January 1</i>	<u>929,652</u>	<u>6,249</u>	<u>935,901</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,024,445</u></u>	<u><u>\$6,336</u></u>	<u><u>\$1,030,781</u></u>

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

**VILLAGE OF GRAND RAPIDS
WOOD 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	\$33,065	\$35,469			\$68,534
Municipal Income Tax	1,302	208,057			209,359
Intergovernmental	30,209	48,130			78,339
Special Assessments	672	17,158			17,830
Charges for Services		389	\$1,912	\$22,492	24,793
Fines, Licenses and Permits	7,075				7,075
Earnings on Investments	3,810	2			3,812
Miscellaneous	7,626				7,626
<i>Total Cash Receipts</i>	<u>83,759</u>	<u>309,205</u>	<u>1,912</u>	<u>22,492</u>	<u>417,368</u>
Cash Disbursements					
Current:					
Security of Persons and Property	82,609	15,927			98,536
Public Health Services	795				795
Leisure Time Activities	47,107	197			47,304
Community Environment	1,746				1,746
Basic Utility Services	7,209				7,209
Transportation	20,488	45,526			66,014
General Government	111,310	35,294			146,604
Capital Outlay	55,429	87,406		66,399	209,234
Debt Service:					
Principal Retirement			69,076		69,076
Interest and Fiscal Charges			4,228		4,228
<i>Total Cash Disbursements</i>	<u>326,693</u>	<u>184,350</u>	<u>73,304</u>	<u>66,399</u>	<u>650,746</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(242,934)</u>	<u>124,855</u>	<u>(71,392)</u>	<u>(43,907)</u>	<u>(233,378)</u>
Other Financing Receipts (Disbursements)					
Transfers In	129,762	253	54,000	43,254	227,269
Transfers Out	(253)	(173,016)			(173,269)
Other Financing Uses	(2,152)				(2,152)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>127,357</u>	<u>(172,763)</u>	<u>54,000</u>	<u>43,254</u>	<u>51,848</u>
<i>Net Change in Fund Cash Balances</i>	<u>(115,577)</u>	<u>(47,908)</u>	<u>(17,392)</u>	<u>(653)</u>	<u>(181,530)</u>
<i>Fund Cash Balances, January 1</i>	<u>479,132</u>	<u>363,164</u>	<u>67,901</u>	<u>340,619</u>	<u>1,250,816</u>
Fund Cash Balances, December 31					
Restricted		314,933	50,509		365,442
Committed				339,966	339,966
Assigned	247,710	323			248,033
Unassigned	115,845				115,845
<i>Fund Cash Balances, December 31</i>	<u>\$363,555</u>	<u>\$315,256</u>	<u>\$50,509</u>	<u>\$339,966</u>	<u>\$1,069,286</u>

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$531,856	\$70,714	\$602,570
Miscellaneous	2,540		2,540
<i>Total Operating Cash Receipts</i>	<u>534,396</u>	<u>70,714</u>	<u>605,110</u>
Operating Cash Disbursements			
Personal Services	99,222		99,222
Employee Fringe Benefits	29,487		29,487
Contractual Services		68,591	68,591
Supplies and Materials	282,606		282,606
Other	1,200		1,200
<i>Total Operating Cash Disbursements</i>	<u>412,515</u>	<u>68,591</u>	<u>481,106</u>
<i>Operating Income</i>	121,881	2,123	124,004
Transfers Out	(54,000)		(54,000)
<i>Net Change in Fund Cash Balances</i>	67,881	2,123	70,004
<i>Fund Cash Balances, January 1</i>	<u>861,771</u>	<u>4,126</u>	<u>865,897</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$929,652</u></u>	<u><u>\$6,249</u></u>	<u><u>\$935,901</u></u>

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Rapids, Wood County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Wood County Sheriff's department to provide security of persons and property.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Plan Risk Management, Inc. (OPRM) is available to public entities in Ohio. OPRM provides property and casualty coverage for its members.

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 Village 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.

The Village values federal agency securities at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Income Tax Fund – This fund receives income tax receipts for general operations of the Village.

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:

Water Debt Fund – This fund receives transfers in from the Water Fund to pay the Ohio Water Development Authority (OWDA) debt for water line installation.

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:

Sewer Capital Improvement Fund – This fund receives transfers in from the Income Tax Fund to cover costs of providing this utility.

Water Capital Improvement Fund – This fund receives tap-in fees to cover costs of providing this utility.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. 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 agency fund accounts for sewer revenue collected for Northwestern Water and Sewer District.

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. 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 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 2015 and 2014 budgetary activity appears in Note 3.

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.

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

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.

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.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool 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:

	2015	2014
Demand deposits	\$1,029,879	\$885,637
STAR Ohio Plus	802,601	800,986
Total deposits	1,832,480	1,686,623
Federal Home Loan Mortgage Corporation Notes	249,818	249,818
STAR Ohio	68,819	68,746
Total investments	318,637	318,564
Total deposits and investments	\$2,151,117	\$2,005,187

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

Investments: UBS Financial Services, Inc. holds the Village's Federal Home Loan Mortgage Corporation Note in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$231,505	\$239,424	\$7,919
Special Revenue	325,178	304,453	(20,725)
Debt Service	54,000	54,000	
Capital Projects	66,000	67,831	1,831
Enterprise	491,800	532,104	40,304
Total	\$1,168,483	\$1,197,812	\$29,329

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$490,570	\$261,838	\$228,732
Special Revenue	519,479	264,592	254,887
Debt Service	73,900	73,304	596
Capital Projects	276,000	15,499	260,501
Enterprise	827,842	438,068	389,774
Total	<u>\$2,187,791</u>	<u>\$1,053,301</u>	<u>\$1,134,490</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$249,825	\$213,521	(\$36,304)
Special Revenue	344,979	309,458	(35,521)
Debt Service	39,400	55,912	16,512
Capital Projects	46,000	65,746	19,746
Enterprise	494,900	534,396	39,496
Total	<u>\$1,175,104</u>	<u>\$1,179,033</u>	<u>\$3,929</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,950	\$330,658	\$221,292
Special Revenue	564,200	358,162	206,038
Debt Service	73,900	73,304	596
Capital Projects	276,000	66,399	209,601
Enterprise	823,597	469,177	354,420
Total	<u>\$2,289,647</u>	<u>\$1,297,700</u>	<u>\$991,947</u>

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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 1 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.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$71,887	2%

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project loan received in 1992. The Village is repaying the loan in semiannual installments of \$36,652, including interest with the last payment due in January 1, 2017. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31: 2016	OWDA Loan <u>\$73,304</u>
-------------------------------------	---------------------------------

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. TRANSFERS

During 2015, the following transfers were made:

Transfers In	<u>Governmental Funds</u>			
		General	Income Tax	Water Operating
	General		\$120,997	
	Income Tax	\$826		
	Debt Service			\$54,000
	Sewer Capital Projects		40,057	

During 2014, the following transfers were made:

Transfers In		Transfers Out		
	<u>Governmental Funds</u>	General	Income Tax	Water Operating
	General		\$129,762	
	Income Tax	\$253		
	Debt Service			\$54,000
	Sewer Capital Projects		43,254	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to move receipts restricted to general fund and water capital improvement fund from the income tax fund collecting the receipts, to move from the water fund to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

10. MISCELLANEOUS REVENUE

Miscellaneous revenues consisted of the following for the General Fund in 2015:

<u>Revenue Source</u>	<u>2015</u>
Donations	\$18,192
Rentals	1,555
Past Due Income Taxes	<u>383</u>
Total Miscellaneous Revenue	<u><u>\$20,130</u></u>



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 Rapids
Wood County
P. O. Box 309
Grand Rapids, Ohio 43522-0309

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 cash balances, receipts, and disbursements by fund type of the Village of Grand Rapids, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 26, 2016 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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*.

Entity's Response to Findings

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.

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.



Dave Yost
Auditor of State

Columbus, Ohio

July 26, 2016

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Material Weakness

GASB 54 Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Restricted fund balance classification includes amounts with constraints placed on the use of resources that are externally imposed by creditors (such as through debt covenants).

Committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of Council.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

Encumbrances of \$361 in 2015 were classified as Unassigned instead of Assigned.

The 2016 annual appropriation exceeded estimated receipts in the General Fund as follows:

	<u>2015</u>
Estimated Receipts	\$232,522
Appropriations	<u>508,010</u>
Deficit	<u>\$275,488</u>

The amount of the deficit noted above should have been recognized as assigned for subsequent year's appropriations instead of being classified as unassigned.

This error occurred as a result of a lack of understanding of GASB 54. An adjustment was recorded to the 2015 financial statements to change the above difference in fund balance classification.

In order to ensure the Village's fund balances are reported in accordance with GASB 54, we recommend the Village review and follow Auditor of State Bulletin 2011-004.

Officials' Response:

The Fiscal Officer indicated she would work to correct this.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material weakness due to incorrect GASB 54 Fund Balance Reporting.	No	Not corrected and repeated as Finding Number 2015-001 in this report.
2013-002	Material weakness due to lack of monitoring controls by Council over financial reporting.	Yes	
2013-003	Ohio Rev. Code §5705.10(C) due to improper proper posting of receipts to funds.	No	Partially corrected and repeated in the management letter
2013-004	Ohio Rev. Code §5705.41(B) expenditures exceeded appropriations.	Yes	



Dave Yost • Auditor of State

VILLAGE OF GRAND RAPIDS

WOOD 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 16, 2016