



Dave Yost • Auditor of State

VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of North Randall
Cuyahoga County
21937 Miles Road
North Randall, Ohio 44128

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 North Randall, Cuyahoga 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 2 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 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 Village of North Randall, Cuyahoga 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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

December 2, 2016

**VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$7,145	\$56,923	\$103,188		\$167,256
Municipal Income Tax	2,016,754	224,059			2,240,813
Intergovernmental	526,034	51,037		\$934,414	1,511,485
Special Assessments	8,242				8,242
Charges for Services	104,352	25,470			129,822
Fines, Licenses and Permits	397,479	4,362			401,841
Earnings on Investments	902				902
Contributions and Donations	2,000				2,000
Miscellaneous	114,396				114,396
<i>Total Cash Receipts</i>	<u>3,177,304</u>	<u>361,851</u>	<u>103,188</u>	<u>934,414</u>	<u>4,576,757</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,584,533	433,080			2,017,613
Leisure Time Activities	40,237				40,237
Community Environment	343,850				343,850
Basic Utility Services	146,047				146,047
Transportation	103,331	12,268			115,599
General Government	1,126,340	6,822			1,133,162
Capital Outlay	40,933			1,177,375	1,218,308
Debt Service:					
Principal Retirement			1,297,500		1,297,500
Interest and Fiscal Charges			102,000		102,000
<i>Total Cash Disbursements</i>	<u>3,385,271</u>	<u>452,170</u>	<u>1,399,500</u>	<u>1,177,375</u>	<u>6,414,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(207,967)</u>	<u>(90,319)</u>	<u>(1,296,312)</u>	<u>(242,961)</u>	<u>(1,837,559)</u>
Other Financing Receipts (Disbursements)					
Debt Proceeds			1,237,500	1,071,000	2,308,500
Sale of Capital Assets	2,650				2,650
Transfers In			58,812		58,812
Transfers Out	(58,812)				(58,812)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(56,162)</u>		<u>1,296,312</u>	<u>1,071,000</u>	<u>2,311,150</u>
<i>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</i>	<u>(264,129)</u>	<u>(90,319)</u>		<u>828,039</u>	<u>473,591</u>
<i>Fund Cash Balances, January 1, 2015</i>	<u>513,176</u>	<u>261,094</u>		<u>1,179,555</u>	<u>1,953,825</u>
Fund Cash Balances, December 31, 2015					
Restricted		170,775		2,007,594	2,178,369
Unassigned	249,047				249,047
Fund Cash Balances, December 31, 2015	<u>\$249,047</u>	<u>\$170,775</u>		<u>\$2,007,594</u>	<u>\$2,427,416</u>

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

VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Agency</u>
Cash Receipts	
Fines, Licenses and Permits	\$207,404
Cash Disbursements	
Other	<u>206,715</u>
<i>Operating Income</i>	<u>689</u>
<i>Fund Cash Balance, January 1, 2015</i>	<u>22,616</u>
<i>Fund Cash Balance, December 31, 2015</i>	<u><u>\$23,305</u></u>

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

**VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$7,367	\$70,257	\$130,895		\$208,519
Municipal Income Tax	2,206,803	241,664			2,448,467
Intergovernmental	564,624	47,643		\$500,000	1,112,267
Special Assessments	40,388				40,388
Charges for Services	103,818	25,576			129,394
Fines, Licenses and Permits	168,748	4,670			173,418
Earnings on Investments	223				223
Miscellaneous	247,704				247,704
<i>Total Cash Receipts</i>	<u>3,339,675</u>	<u>389,810</u>	<u>130,895</u>	<u>500,000</u>	<u>4,360,380</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,083,590	485,995			1,569,585
Leisure Time Activities	12,960	434			13,394
Community Environment	154,186				154,186
Basic Utility Services	204,282				204,282
Transportation	149,706	31,553			181,259
General Government	1,522,973	3,733			1,526,706
Debt Service:					
Principal Retirement			60,000		60,000
Interest and Fiscal Charges			106,800		106,800
<i>Total Cash Disbursements</i>	<u>3,127,697</u>	<u>521,715</u>	<u>166,800</u>		<u>3,816,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>211,978</u>	<u>(131,905)</u>	<u>(35,905)</u>	<u>500,000</u>	<u>544,168</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	11,583		19,498		31,081
Transfers In			260,250		260,250
Transfers Out	(260,250)				(260,250)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(248,667)</u>		<u>279,748</u>		<u>31,081</u>
<i>Excess of Cash Receipts and Other Financing</i>	<u>(36,689)</u>	<u>(131,905)</u>	<u>243,843</u>	<u>500,000</u>	<u>575,249</u>
<i>Fund Cash Balances, January 1, 2014</i>	<u>549,865</u>	<u>392,999</u>	<u>(243,843)</u>	<u>679,555</u>	<u>1,378,576</u>
Fund Cash Balances, December 31, 2014					
Restricted		261,094		1,179,555	1,440,649
Unassigned	513,176				513,176
<i>Total Fund Cash Balances, December 31</i>	<u>\$513,176</u>	<u>\$261,094</u>		<u>\$1,179,555</u>	<u>\$1,953,825</u>

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

VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
AGENCY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Agency</u>
Cash Receipts	
Fines, Licenses and Permits	\$162,895
Cash Disbursements	
Other	<u>157,806</u>
<i>Operating Income</i>	<u>5,089</u>
<i>Fund Cash Balance, January 1, 2014</i>	<u>17,527</u>
<i>Fund Cash Balance, December 31, 2014</i>	<u><u>\$22,616</u></u>

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

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of North Randall, Cuyahoga County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police and fire protection services, road maintenance, general governmental services and a Mayor's Court. The Village contracts with the Village of Highland Hills for rubbish removal services.

Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in three jointly governed organizations, and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (cash basis) for all its agency fund which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported 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.

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:

Police Levy Fund The police levy fund receives property tax and state money to provide police protection services.

Fire Levy Fund – The fire levy fund receives property tax, income tax, and state money to provide fire protection services.

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

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 fund:

Derbyshire/North Randall Drive Capital Improvement Fund— The Derbyshire/North Randall Drive Capital Improvement Fund reports proceeds of general obligation bonds. The proceeds are restricted for construction and repair of Derbyshire Drive and North Randall Drive.

Fiduciary Funds - Fiduciary funds include 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 the activities of the Village Mayor's Court.

Basis of Accounting

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.

Budgetary Process

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

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

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. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

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.

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:

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

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.

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.

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.

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.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,378,795	\$3,179,954	\$801,159
Special Revenue	354,779	361,851	7,072
Debt Service	261,777	1,399,500	1,137,723
Capital Projects	16,000	2,005,414	1,989,414
Total	\$3,011,351	\$6,946,719	\$3,935,368

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,848,570	\$3,444,083	(\$595,513)
Special Revenue	1,029,591	452,170	577,421
Debt Service	1,399,500	1,399,500	0
Capital Projects	2,227,045	1,177,375	1,049,670
Total	\$7,504,706	\$6,473,128	\$1,031,578

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,098,734	\$3,351,258	\$252,524
Special Revenue	395,014	389,810	(5,204)
Debt Service	410,747	410,643	(104)
Capital Projects	500,000	500,000	0
Total	\$4,404,495	\$4,651,711	\$247,216

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,434,231	\$3,387,947	\$46,284
Special Revenue	325,897	521,715	(195,818)
Debt Service	166,800	166,800	0
Capital Projects	1,000,000	0	1,000,000
Total	\$4,926,928	\$4,076,462	\$850,466

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 4 – 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, 2015 and 2014 was as follows:

	2015	2014
Demand deposits	2,199,885	1,975,714
Investments:		
STAR Ohio	250,836	727
Total deposits and investments	\$2,450,721	\$1,976,441

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

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

Note 5 – Taxes

Property Taxes

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.

Income Taxes

The Village levied a municipal income tax of 2.75 percent, with 0.25 percent allocated to the operations of the Fire Department, 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 Cleveland Collection Agency (CCA) either monthly, or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. CCA collects taxes on the Village's behalf and remits them to the Village on a monthly basis.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 6 - 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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. 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.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

Social Security

Several of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Debt

In 2011, the Village issued six year term Urban Renewal Temporary Bonds (URTB) for \$1,477,500 with an interest rate of 8% to retire the 2010 URTB issuance in the amount of \$1,582,500. The (URTB) issued in 2011 had a maturity date in 2017. On September 16, 2015, the Village issued various purpose improvement notes in the amount of \$2,308,500 with an interest rate of 1.5% to retire the 2011 (URTB). These notes mature on September 15, 2016.

Note 10 – Contingent Liabilities

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

Note 11 – Jointly Governed Organizations

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVD), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center ("RCC"). It is currently comprised of 12 communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the Ohio Revised Code. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2015 and 2014, the Village contributed \$120,831 and \$148,803, respectively, to CVD. Financial information can be obtained by contacting the City of Brecksville, 9069 Brecksville Road, Brecksville, Ohio 44141.

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), 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 112 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 on the governing board 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 2015 or 2014. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Village of North Randall, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 11 – Jointly Governed Organizations (Continued)

Chagrin/Southeast Council of Governments

The Chagrin/Southeast Council of Governments operates the Chagrin/Southeast HazMat Response Team (Team). The Team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. During 2015 and 2014, the Village contributed \$3,500 and \$3,500, respectively, to the organization. The Chagrin/Southeast Council of Governments financials statements may be obtained by contacting the Finance Director of the Village of Glenwillow, Ohio.

The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team.

Note 12 – Related Party Transactions

Beginning in January, 2015, The Village rents Service Department Garage space from the spouse of a Council member. The Village pays \$2,500 per month in rent.

Note 13 – Subsequent Events

On September 14, 2016, the Village issued a various purpose improvement note in the amount of \$1,958,500 with an interest rate of 1.875% to retire the 2015 various improvement note in the amount of 2,308,500.

In July, 2016, the Village received a loan in the amount of \$224,500 for the Ohio Public Works Commission to improve the Derbyshire Drive waterline. The Village will repay the loans in semiannual installments of \$5,612.50, including interest, over 20 years.

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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 North Randall
Cuyahoga County
21937 Miles Road
North Randall, Ohio 44128

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 North Randall, Cuyahoga 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 December 2, 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 opinions 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*.

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

December 2, 2016

**VILLAGE OF NORTH RANDALL
CUYAHOGA COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2013-001	Noncompliance Finding – Ohio Rev. Code § 5705.10(H) – There were negative cash balances in two funds at December 31, 2012 and one fund at December 31, 2013.	Fully Corrected	
2013-002	Noncompliance Finding – Ohio Rev. Code § - 5705.41(B) – There were several funds at December 31, 2013 and 2012 in which expenditures exceed appropriations.	Not Fully Corrected	A similar comment was included in the management letter.
2013-003	Noncompliance Finding – Ohio Rev. Code § - 5705.39 – There were several funds at December 31, 2013 and 2012 in which appropriations exceeded estimated resources.	Not Fully Corrected	A similar comment was included in the management letter.
2013-004	Noncompliance Finding – Ohio Rev. Code § - 5705.41(D) – 30 of 46 transactions tested were not encumbered prior to the purchase commitment.	Finding No Longer Valid	
2013-005	Material Weakness – Cash Reconciliation Procedures – The December 31, 2013 bank reconciliation included several unneeded reconciling adjustments.	Fully Corrected	

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VILLAGE OF NORTH RANDALL

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 22, 2016