



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, 2017 and 2016.

### ***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 such 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of North Randall, Cuyahoga County, Ohio as of December 31, 2017 and 2016, 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 August 2, 2018, 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.

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

August 2, 2018

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**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, 2017**

|   | <b>Governmental Fund Types</b> |                    |                    |                     | Totals<br>(Memorandum<br>Only) |
|---|--------------------------------|--------------------|--------------------|---------------------|--------------------------------|
|   | General                        | Special<br>Revenue | Debt<br>Service    | Capital<br>Projects |                                |
| <b>Cash Receipts</b>  |                                |                    |                    |                     |                                |
| Property and Other Local Taxes  | \$6,351                        | \$69,234           | \$120,919          |                     | \$196,504                      |
| Municipal Income Tax  | 2,391,732                      | 265,748            |                    |                     | 2,657,480                      |
| Intergovernmental   | 105,141                        | 65,325             |                    |                     | 170,466                        |
| Special Assessments   | 4,811                          |                    |                    |                     | 4,811                          |
| Charges for Services  | 86,510                         | 21,213             |                    |                     | 107,723                        |
| Fines, Licenses and Permits   | 1,128,822                      | 5,200              |                    |                     | 1,134,022                      |
| Earnings on Investments   | 6,418                          |                    |                    |                     | 6,418                          |
| Miscellaneous   | 35,229                         |                    |                    |                     | 35,229                         |
| <i>Total Cash Receipts</i>  | <u>3,765,014</u>               | <u>426,720</u>     | <u>120,919</u>     |                     | <u>4,312,653</u>               |
| <b>Cash Disbursements</b>   |                                |                    |                    |                     |                                |
| Current:  |                                |                    |                    |                     |                                |
| Security of Persons and Property  | 1,797,406                      | 310,207            |                    |                     | 2,107,613                      |
| Leisure Time Activities   | 31,957                         |                    |                    |                     | 31,957                         |
| Community Environment   | 155,093                        |                    |                    |                     | 155,093                        |
| Basic Utility Services  | 132,342                        |                    |                    |                     | 132,342                        |
| Transportation  | 135,024                        |                    |                    |                     | 135,024                        |
| General Government  | 1,315,249                      | 8,305              | 8,928              |                     | 1,332,482                      |
| Capital Outlay  | 33,807                         | 4,634              |                    | \$155,123           | 193,564                        |
| Debt Service:   |                                |                    |                    |                     |                                |
| Principal Retirement  |                                |                    | 1,458,500          | 511,225             | 1,969,725                      |
| Interest and Fiscal Charges   |                                |                    | 36,722             |                     | 36,722                         |
| <i>Total Cash Disbursements</i>   | <u>3,600,878</u>               | <u>323,146</u>     | <u>1,504,150</u>   | <u>666,348</u>      | <u>6,094,522</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>164,136</u>                 | <u>103,574</u>     | <u>(1,383,231)</u> | <u>(666,348)</u>    | <u>(1,781,869)</u>             |
| <b>Other Financing Receipts (Disbursements)</b>   |                                |                    |                    |                     |                                |
| Sale of Notes   |                                |                    | 1,316,826          |                     | 1,316,826                      |
| Sale of Capital Assets  |                                |                    |                    | 789,994             | 789,994                        |
| Transfers In  |                                |                    | 66,405             |                     | 66,405                         |
| Transfers Out   | (66,405)                       |                    |                    |                     | (66,405)                       |
| <i>Total Other Financing Receipts (Disbursements)</i>   | <u>(66,405)</u>                |                    | <u>1,383,231</u>   | <u>789,994</u>      | <u>2,106,820</u>               |
| <i>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</i> | 97,731                         | 103,574            |                    | 123,646             | 324,951                        |
| <i>Fund Cash Balances, January 1, 2017</i>  | <u>247,403</u>                 | <u>153,699</u>     |                    | <u>810,600</u>      | <u>1,211,702</u>               |
| <b>Fund Cash Balances, December 31, 2017</b>  |                                |                    |                    |                     |                                |
| Restricted  |                                | 257,273            |                    | 934,246             | 1,191,519                      |
| Assigned  | 345,134                        |                    |                    |                     | 345,134                        |
| <b>Fund Cash Balances, December 31, 2017</b>  | <u>\$345,134</u>               | <u>\$257,273</u>   |                    | <u>\$934,246</u>    | <u>\$1,536,653</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)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017

|   | <u>Agency</u>          |
|---|------------------------|
| <b>Cash Receipts</b>                        |                        |
| Fines, Licenses and Permits                 | \$216,821              |
| <b>Cash Disbursements</b>                   |                        |
| Other                                       | <u>210,333</u>         |
| <i>Operating Income</i>                     | <u>6,488</u>           |
| <i>Fund Cash Balance, January 1, 2017</i>   | <u>19,780</u>          |
| <i>Fund Cash Balance, December 31, 2017</i> | <u><u>\$26,268</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 Year Ended December 31, 2017*

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**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 10 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 its fiduciary fund type 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:

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

***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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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 debt service fund:

**General Obligation Fund** – This fund receives property taxes and note proceeds for retirement of general obligation debt.

**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:

**General Capital Projects Fund** – The General Capital Projects Fund accounts for the financial resources designated for the acquisition or major repair of infrastructure or capital assets.

**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-function-object 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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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 2017 budgetary activity appears in Note 3.

***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.

***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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$3,893,421          | \$3,765,014        | (\$128,407) |
| Special Revenue                   | 365,218              | 426,720            | 61,502      |
| Debt Service                      | 1,445,412            | 1,504,150          | 58,738      |
| Capital Projects                  | 255,000              | 789,994            | 534,994     |
| Total                             | \$5,959,051          | \$6,485,878        | \$526,827   |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$3,452,446                | \$3,600,878               | (\$148,432) |
| Special Revenue                                       | 412,236                    | 323,146                   | 89,090      |
| Debt Service  | 1,504,150                  | 1,504,150                 | 0           |
| Capital Projects                                      | 810,600                    | 666,348                   | 144,252     |
| Total   | \$6,179,432                | \$6,094,522               | \$84,910    |

**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, 2017 was as follows:

|                                |                 |
|--------------------------------|-----------------|
| Demand deposits                | 2017<br>448,620 |
| Investment:                    |                 |
| STAR Ohio                      | 1,114,301       |
| Total deposits and investments | \$1,562,921     |

**Deposits** are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS).

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

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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.

**Note 6 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2016, 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management – (Continued)**

*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, 2016.

|                 |                     |
|-----------------|---------------------|
|                 | <u>2016</u>         |
| Assets          | \$14,765,712        |
| Liabilities     | <u>(9,531,506)</u>  |
| Members' Equity | <u>\$ 5,234,206</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**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, 2017.

***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, 2017.

***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, 2017.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**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.

**Note 9 – Debt**

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%. On September 13, 2017, the Village issued a various purpose improvement note in the amount of \$1,315,000 (including a premium of \$1,332) with an interest rate of 2.25% to retire the 2016 various improvement note. This note matures on September 13, 2018.

In July, 2016, the Village received a loan in the amount of \$224,500 from 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.

Debt outstanding at December 31, 2017 was as follows:

|                                   | Principal   | Interest Rate |
|-----------------------------------|-------------|---------------|
| General Obligation Notes          | \$1,315,000 | 2.25%         |
| Ohio Public Works Commission Loan | \$207,663   | 0%            |
| Total                             | \$1,522,663 |               |

**Amortization**

Amortization of the Ohio Public Works Commission Loan follows:

| Year Ending<br>December 31: | OPWC Loans |
|-----------------------------|------------|
| 2018                        | \$11,225   |
| 2019                        | 11,225     |
| 2020                        | 11,225     |
| 2021                        | 11,225     |
| 2022                        | 11,225     |
| 2023-2027                   | 56,125     |
| 2028-2032                   | 56,125     |
| 2033-2036                   | 39,288     |
| Total                       | \$207,663  |

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – 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 2017, the Village contributed \$175,002 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 2016. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**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 2017, the Village contributed \$3,500, 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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 11 – 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.

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**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, 2016**

|   | <b>Governmental Fund Types</b> |                    |                    |                     | Totals<br>(Memorandum<br>Only) |
|---|--------------------------------|--------------------|--------------------|---------------------|--------------------------------|
|   | General                        | Special<br>Revenue | Debt<br>Service    | Capital<br>Projects |                                |
| <b>Cash Receipts</b>                                  |                                |                    |                    |                     |                                |
| Property and Other Local Taxes                        | \$5,314                        | \$62,516           | \$107,496          |                     | \$175,326                      |
| Municipal Income Tax                                  | 2,164,208                      | 240,466            |                    |                     | 2,404,674                      |
| Intergovernmental                                     | 340,737                        | 48,516             |                    | \$16,020            | 405,273                        |
| Special Assessments                                   | 9,377                          |                    |                    |                     | 9,377                          |
| Charges for Services                                  | 90,166                         | 22,166             |                    |                     | 112,332                        |
| Fines, Licenses and Permits                           | 234,384                        | 5,076              |                    |                     | 239,460                        |
| Earnings on Investments                               | 1,034                          |                    |                    |                     | 1,034                          |
| Miscellaneous   | 144,335                        |                    |                    |                     | 144,335                        |
| <i>Total Cash Receipts</i>                            | <u>2,989,555</u>               | <u>378,740</u>     | <u>107,496</u>     | <u>16,020</u>       | <u>3,491,811</u>               |
| <b>Cash Disbursements</b>                             |                                |                    |                    |                     |                                |
| Current:  |                                |                    |                    |                     |                                |
| Security of Persons and Property                      | 1,617,701                      | 334,041            |                    |                     | 1,951,742                      |
| Leisure Time Activities                               | 32,874                         |                    |                    |                     | 32,874                         |
| Community Environment                                 | 213,085                        |                    |                    |                     | 213,085                        |
| Basic Utility Services                                | 141,870                        |                    |                    |                     | 141,870                        |
| Transportation  | 58,819                         | 61,775             |                    |                     | 120,594                        |
| General Government                                    | 933,000                        |                    | 5,060              |                     | 938,060                        |
| Capital Outlay  |                                |                    |                    | 926,638             | 926,638                        |
| Debt Service:   |                                |                    |                    |                     |                                |
| Principal Retirement                                  |                                |                    | 2,027,737          | 286,376             | 2,314,113                      |
| Interest and Fiscal Charges                           |                                |                    | 34,531             |                     | 34,531                         |
| <i>Total Cash Disbursements</i>                       | <u>2,997,349</u>               | <u>395,816</u>     | <u>2,067,328</u>   | <u>1,213,014</u>    | <u>6,673,507</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>(7,794)</u>                 | <u>(17,076)</u>    | <u>(1,959,832)</u> | <u>(1,196,994)</u>  | <u>(3,181,696)</u>             |
| <b>Other Financing Receipts (Disbursements)</b>       |                                |                    |                    |                     |                                |
| Sale of Notes   |                                |                    | 1,959,832          |                     | 1,959,832                      |
| Sale of Capital Assets                                | 6,150                          |                    |                    |                     | 6,150                          |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>6,150</u>                   |                    | <u>1,959,832</u>   |                     | <u>1,965,982</u>               |
| <i>Excess of Cash Receipts and Other Financing</i>    | <u>(1,644)</u>                 | <u>(17,076)</u>    |                    | <u>(1,196,994)</u>  | <u>(1,215,714)</u>             |
| <i>Fund Cash Balances, January 1, 2016</i>            | <u>249,047</u>                 | <u>170,775</u>     |                    | <u>2,007,594</u>    | <u>2,427,416</u>               |
| <b>Fund Cash Balances, December 31, 2016</b>          |                                |                    |                    |                     |                                |
| Restricted  |                                | 153,699            |                    | 810,600             | 964,299                        |
| Unassigned  | 247,403                        |                    |                    |                     | 247,403                        |
| <i>Total Fund Cash Balances, December 31, 2016</i>    | <u>\$247,403</u>               | <u>\$153,699</u>   |                    | <u>\$810,600</u>    | <u>\$1,211,702</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)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016

|   | <u>Agency</u>          |
|---|------------------------|
| <b>Cash Receipts</b>                        |                        |
| Fines, Licenses and Permits                 | \$181,874              |
| <b>Cash Disbursements</b>                   |                        |
| Other                                       | <u>185,399</u>         |
| <i>Operating Income</i>                     | <u>(3,525)</u>         |
| <i>Fund Cash Balance, January 1, 2016</i>   | <u>23,305</u>          |
| <i>Fund Cash Balance, December 31, 2016</i> | <u><u>\$19,780</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 Year Ended December 31, 2016*

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**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 10 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 its fiduciary fund type 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:

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

***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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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 debt service fund:

**General Obligation Fund** – This fund receives property taxes and note proceeds for retirement of general obligation debt.

**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:

**General Capital Projects Fund** – The General Capital Projects Fund accounts for the financial resources designated for the acquisition or major repair of infrastructure or capital assets.

**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-function-object 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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**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 2016 budgetary activity appears in Note 3.

***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.

***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.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$2,258,733          | \$2,995,705        | \$736,972 |
| Special Revenue                   | 359,858              | 378,740            | 18,882    |
| Debt Service                      | 2,251,732            | 2,067,328          | (184,404) |
| Capital Projects                  | 0                    | 16,020             | 16,020    |
| Total                             | \$4,870,323          | \$5,457,793        | \$587,470 |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$2,604,410                | \$2,997,349               | (\$392,939) |
| Special Revenue                                       | 363,401                    | 395,816                   | (32,415)    |
| Debt Service  | 1,958,500                  | 2,067,328                 | (108,828)   |
| Capital Projects                                      | 1,400,000                  | 1,213,014                 | 186,986     |
| Total   | \$6,326,311                | \$6,673,507               | (\$347,196) |

**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, 2016 was as follows:

|                                |                 |
|--------------------------------|-----------------|
| Demand deposits                | 2016<br>970,241 |
| Investment:                    |                 |
| STAR Ohio                      | 261,241         |
| Total deposits and investments | \$1,231,482     |

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

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

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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.

**Note 6 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2016, 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 6 - Risk Management – (Continued)**

*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, 2016.

|                 |                     |
|-----------------|---------------------|
|                 | <u>2016</u>         |
| Assets          | \$14,765,712        |
| Liabilities     | <u>(9,531,506)</u>  |
| Members' Equity | <u>\$ 5,234,206</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**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, 2016.

***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, 2016.

***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, 2016.

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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.

**Note 9 – Debt**

On September 16, 2015 the Village issued a various purpose improvement note in the amount of \$2,308,500 with an interest rate of 1.5%. On September 14, 2016, the Village issued a various purpose improvement note in the amount of \$1,958,500 (including a premium of \$1,332) with an interest rate of 1.875% to retire the 2015 various improvement note in the amount of \$2,308,500. This note matured on September 14, 2017.

In July, 2016, the Village received a loan in the amount of \$224,500 from 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.

Debt outstanding at December 31, 2016 was as follows:

|                                   | Principal   | Interest Rate |
|-----------------------------------|-------------|---------------|
| General Obligation Notes          | \$1,958,500 | 2%            |
| Ohio Public Works Commission Loan | \$218,888   | 0%            |
| Total                             | \$2,177,388 |               |

**Amortization**

Amortization of the Ohio Public Works Commission Loan follows:

| Year Ending  | OPWC Loans |
|--------------|------------|
| December 31: |            |
| 2017         | \$11,225   |
| 2018         | 11,225     |
| 2019         | 11,225     |
| 2020         | 11,225     |
| 2021         | 11,225     |
| 2022-2026    | 56,125     |
| 2027-2031    | 56,125     |
| 2032-2036    | 50,513     |
| Total        | \$218,888  |

**Village of North Randall, Ohio**  
*Cuyahoga County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 10 – 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 2016, the Village contributed \$171,014 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 2016. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

**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 2016, the Village contributed \$3,500, 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 11 – 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.



# 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated August 2, 2018 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 report is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 2, 2018



# Dave Yost • Auditor of State

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  
SEPTEMBER 27, 2018