



**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2023.....	6
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) Fiduciary Fund Type For the Year Ended December 31, 2023.....	7
Notes to the Financial Statements For the Year Ended December 31, 2023.....	8
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	16
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2022.....	17
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) Fiduciary Fund Type For the Year Ended December 31, 2022.....	18
Notes to the Financial Statements For the Year Ended December 31, 2022.....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Schedule of Findings.....	29

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Grand Rapids, Wood County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2024

This page intentionally left blank.

Village of Grand Rapids
Wood County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023*

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$35,352	\$27,325			\$62,677
Municipal Income Tax	2	273,191			273,193
Intergovernmental	44,567	77,299			121,866
Special Assessments		18,016	\$15,262		33,278
Charges for Services		235		\$18,534	18,769
Fines, Licenses and Permits	6,756				6,756
Earnings on Investments	75,138				75,138
Miscellaneous	6,740				6,740
<i>Total Cash Receipts</i>	<u>168,555</u>	<u>396,066</u>	<u>15,262</u>	<u>18,534</u>	<u>598,417</u>
Cash Disbursements					
Current:					
Security of Persons and Property	96,540	16,538			113,078
Public Health Services	612				612
Leisure Time Activities	42,228				42,228
Basic Utility Services	14,506				14,506
Transportation		45,300			45,300
General Government	82,545	51,809			134,354
Capital Outlay	4,560	3,996		53,413	61,969
Debt Service:					
Principal Retirement			20,030		20,030
Interest and Fiscal Charges			2,899		2,899
<i>Total Cash Disbursements</i>	<u>240,991</u>	<u>117,643</u>	<u>22,929</u>	<u>53,413</u>	<u>434,976</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,436)</u>	<u>278,423</u>	<u>(7,667)</u>	<u>(34,879)</u>	<u>163,441</u>
Other Financing Receipts (Disbursements)					
Transfers In	165,916			55,306	221,222
Transfers Out		(221,222)			(221,222)
Advances In	1,000	1,000			2,000
Advances Out	(1,000)	(1,000)			(2,000)
Other Financing Uses	(327)				(327)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>165,589</u>	<u>(221,222)</u>		<u>55,306</u>	<u>(327)</u>
<i>Net Change in Fund Cash Balances</i>	93,153	57,201	(7,667)	20,427	163,114
<i>Fund Cash Balances, January 1</i>	<u>414,412</u>	<u>574,499</u>	<u>32,625</u>	<u>591,799</u>	<u>1,613,335</u>
<i>Fund Cash Balances, December 31</i>	<u>\$507,565</u>	<u>\$631,700</u>	<u>\$24,958</u>	<u>\$612,226</u>	<u>\$1,776,449</u>

See accompanying notes to the basic financial statements

Village of Grand Rapids
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Enterprise
Operating Cash Receipts	
Charges for Services	\$759,492
Operating Cash Disbursements	
Personal Services	99,873
Employee Fringe Benefits	58,407
Supplies and Materials	322,487
Other	1,400
<i>Total Operating Cash Disbursements</i>	482,167
<i>Operating Income</i>	277,325
Non-Operating Receipts	
Intergovernmental Receipts	9,456
<i>Net Change in Fund Cash Balances</i>	286,781
<i>Fund Cash Balances, January 1</i>	2,621,975
<i>Fund Cash Balances, December 31</i>	\$2,908,756

See accompanying notes to the basic financial statements

Village of Grand Rapids
 Wood County
 Combined Statement of Additions, Deductions
 and Changes in Fund Balances (Regulatory Cash Basis)
 Fiduciary Fund Type
 For the Year Ended December 31, 2023

	Custodial
Additions	
Charges for Services	\$90,598
Deductions	
Distributions to Other Governments	83,066
<i>Net Change in Fund Balances</i>	7,532
<i>Fund Cash Balances, January 1</i>	—
<i>Fund Cash Balances, December 31</i>	\$7,532

See accompanying notes to the basic financial statements

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Grand Rapids (the Village), Wood County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Wood County Sheriff's department to provide security of persons and property. The Village receives fire protection services from Grand Rapids Township.

Public Entity Risk Pool

The Village participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provide additional information for this entity. 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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

Sewer Debt Fund The sewer debt fund receives revenues from special assessments and new sewer tap fees for the RT 65 Sanitary Sewer Extension for the purpose of payment of an OWDA sewer loan.

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:

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Sidewalk Construction/Improvement Fund The sidewalk construction/improvement fund accounts for and reports funds received from a pipe line sale that are committed to fund sidewalk construction and improvements.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Rental Fund The sewer rental fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for sewer revenue collected for the Northwestern Water and Sewer District.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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 Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, the Village transferred \$18,284 from the Sewer Debt fund to the Sewer Rental fund during the year ended December 31, 2023. The financial statements were adjusted to remove this improper transfer.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$267,041	\$335,471	\$68,430
Special Revenue	402,343	397,066	(5,277)
Debt Service	15,600	15,262	(338)
Capital Projects	85,000	73,840	(11,160)
Enterprise	691,900	768,948	77,048
Total	\$1,461,884	\$1,590,587	\$128,703

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$551,242	\$257,622	\$293,620
Special Revenue	698,177	345,026	353,151
Debt Service	44,000	22,929	21,071
Capital Projects	295,767	56,598	239,169
Enterprise	969,795	494,542	475,253
Total	\$2,558,981	\$1,176,717	\$1,382,264

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

	2023
Cash Management Pool:	
Demand deposits	\$3,408,538
Total deposits	3,408,538
STAR Ohio	1,284,199
Total investments	1,284,199
Total carrying amount of deposits and investments held in the Pool	\$4,692,737

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the village is holding \$4,634 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2023, \$800,999 of deposits were not insured or collateralized as a part of reduced collateral requirements through OPCS.

Investments

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

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Transfers and Advances

During 2023, the following transfers and advances were made:

Transfers In	<u>Governmental Funds</u>	<u>Transfers Out</u>	
		<u>Income Tax</u>	
	General	\$165,916	
	Sewer Capital Improvement	\$55,306	
Advances In	<u>Governmental Funds</u>	<u>Advances Out</u>	
		<u>General</u>	<u>Income Tax</u>
	General		\$1,000
	Income Tax	\$1,000	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to general fund and sewer capital improvement fund from the income tax fund collecting the receipts.

Advances temporarily reallocate cash from one fund to another and involve an expectation of repayment. Council approved Advance from the General Fund to the Income Tax Fund to be repaid by March 31. The Advance was repaid before March 31.

Note 8 – Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Assets	\$ 23,113,696
Liabilities	(16,078,587)
Members' Equity	<u>\$ 7,035,109</u>

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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, 2023.

Note 10 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 11 – Debt

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (Sewer Debt)	\$185,199	1.43%

The Ohio Water Development Authority (OWDA) sewer loan relates to the RT 65 Low Pressure Sanitary Sewer Extension. The OWDA approved \$224,950 in a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$6,486, including interest, over 20 years. The Village dedicated source of revenue for repayment of the loan is from special assessments from the sewer debt fund.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

<u>Year Ending December 31:</u>	<u>OWDA Loan (Sewer Debt)</u>
2024	\$12,972
2025	12,972
2026	12,972
2027	12,972
2028	12,972
2029-2033	64,862
2034-2038	64,862
2039-2040	15,988
Total	<u>\$210,572</u>

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$15,304</u>	<u>\$5,161</u>	<u>\$3,185</u>	<u>\$23,650</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Contingent Liabilities

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Grand Rapids
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$35,416	\$27,237			\$62,653
Municipal Income Tax	3,578	274,524			278,102
Intergovernmental	45,710	128,297			174,007
Special Assessments		18,179	\$15,483		33,662
Charges for Services		43		\$22,814	22,857
Fines, Licenses and Permits	7,502				7,502
Earnings on Investments	23,731				23,731
Miscellaneous	6,029	496			6,525
Total Cash Receipts	121,966	448,776	15,483	22,814	609,039
Cash Disbursements					
Current:					
Security of Persons and Property	100,471	13,938			114,409
Public Health Services	612				612
Leisure Time Activities	39,618				39,618
Community Environment	2,187				2,187
Basic Utility Services	11,828				11,828
Transportation		53,902			53,902
General Government	89,437	48,422			137,859
Capital Outlay		44,063		58,304	102,367
Debt Service:					
Principal Retirement			8,008		8,008
Interest and Fiscal Charges			3,245		3,245
Total Cash Disbursements	244,153	160,325	11,253	58,304	474,035
Excess of Receipts Over (Under) Disbursements	(122,187)	288,451	4,230	(35,490)	135,004
Other Financing Receipts (Disbursements)					
Transfers In	169,846			56,615	226,461
Transfers Out		(226,461)			(226,461)
Advances In	1,000	1,000			2,000
Advances Out	(1,000)	(1,000)			(2,000)
Other Financing Uses	(130)				(130)
Total Other Financing Receipts (Disbursements)	169,716	(226,461)		56,615	(130)
Net Change in Fund Cash Balances	47,529	61,990	4,230	21,125	134,874
Fund Cash Balances, January 1	366,883	512,509	28,395	570,674	1,478,461
Fund Cash Balances, December 31	\$414,412	\$574,499	\$32,625	\$591,799	\$1,613,335

See accompanying notes to the basic financial statements

Village of Grand Rapids
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$748,513
Operating Cash Disbursements	
Personal Services	143,142
Employee Fringe Benefits	59,597
Supplies and Materials	326,056
Other	1,400
<i>Total Operating Cash Disbursements</i>	530,195
<i>Operating Income</i>	218,318
Non-Operating Receipts	
Miscellaneous Receipts	1,018
<i>Net Change in Fund Cash Balances</i>	219,336
<i>Fund Cash Balances, January 1</i>	2,402,639
<i>Fund Cash Balances, December 31</i>	\$2,621,975

See accompanying notes to the basic financial statements

Village of Grand Rapids
 Wood County
 Combined Statement of Additions, Deductions
 and Changes in Fund Balances (Regulatory Cash Basis)
 Fiduciary Fund Type
 For the Year Ended December 31, 2022

	Custodial
Additions	
Charges for Services	\$86,606
Deductions	
Distributions to Other Governments	\$86,606
<i>Net Change in Fund Balances</i>	
<i>Fund Cash Balances, January 1</i>	
<i>Fund Cash Balances, December 31</i>	
<i>See accompanying notes to the basic financial statements</i>	

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Grand Rapids (the Village), Wood County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Wood County Sheriff's department to provide security of persons and property. The Village receives fire protection services from Grand Rapids Township.

Public Entity Risk Pool

The Village participates in Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. 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 (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Levy Fund The street levy fund receives property tax receipts restricted for construction, maintenance, and repair of streets within the Village.

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

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

Sewer Debt Fund The sewer debt fund receives revenues from special assessments and new sewer tap fees for the RT 65 Sanitary Sewer Extension for the purpose of payment of an OWDA sewer loan.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

Sidewalk Construction/Improvement Fund The sidewalk construction/improvement fund accounts for and reports funds received from a pipe line sale that are committed to fund sidewalk construction and improvements.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Rental Fund The sewer rental fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for sewer revenue collected for the Northwestern Water and Sewer District.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 carried over and need not be reappropriated.

A summary of 2022 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$232,495	\$292,812	\$60,317
Special Revenue	436,117	449,776	13,659
Debt Service	15,600	15,483	(117)
Capital Projects	85,000	79,429	(5,571)
Enterprise	691,900	749,531	57,631
Total	\$1,461,112	\$1,587,031	\$125,919

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$565,261	\$250,355	\$314,906
Special Revenue	688,697	389,344	299,353
Debt Service	16,000	11,253	4,747
Capital Projects	295,767	58,304	237,463
Enterprise	997,712	532,170	465,542
Total	\$2,563,437	\$1,241,426	\$1,322,011

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$3,016,381
Total deposits	3,016,381
STAR Ohio	1,218,929
Total investments	1,218,929
Total carrying amount of deposits and investments held in the Pool	\$4,235,310

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is not holding any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2022, \$978,638 of deposits were not insured or collateralized as part of reduced collateral requirements through OPCS.

Investments

Investments in STAR Ohio 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Transfers and Advances

During 2022, the following transfers and advances were made:

Transfers In	<u>Governmental Funds</u>	<u>Transfers Out</u>	
		<u>Income Tax</u>	
	General	\$169,846	
	Sewer Capital Improvement	\$56,615	
Advances In	<u>Governmental Funds</u>	<u>Advances Out</u>	
		<u>General</u>	<u>Income Tax</u>
	General		\$1,000
	Income Tax	\$1,000	

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to general fund and sewer capital improvement fund from the income tax fund collecting the receipts.

Advances temporarily reallocate cash from one fund to another and involve an expectation of repayment. Council approved Advance from the General Fund to the Income Tax Fund to be repaid by March 31. The Advance was repaid before March 31.

Note 7 – 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.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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, 2022.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (Sewer Debt)	\$205,229	1.43%
Ohio Water Development Authority Loan (Water Debt)	1,226	0.00%
Total	<u>\$206,455</u>	

The Ohio Water Development Authority (OWDA) water loan relates to an Asset Management Plan that the Ohio Environmental Protection Agency mandated. The OWDA approved \$6,129 in a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$613, no interest, over 5 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Village of Grand Rapids, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Water Development Authority (OWDA) sewer loan relates to the RT 65 Low Pressure Sanitary Sewer Extension. The OWDA approved \$224,950 in a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$6,486, including interest, over 20 years. The Village dedicated source of revenue for repayment of the loan is from special assessments from the sewer debt fund.

Amortization

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

Year Ending December 31:	OWDA Loan (Sewer Debt)	OWDA Loan (Water Debt)
2023	\$12,972	\$1,226
2024	12,972	
2025	12,972	
2026	12,972	
2027	12,972	
2028-2032	64,862	
2033-2037	64,862	
2038-2040	38,917	
Total	\$233,501	\$1,226

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$5,072	\$1,558	\$6,630

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Grand Rapids, Wood County, Ohio (the Village) and have issued our report thereon dated November 7, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2024

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Material Weakness

Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council are responsible for reviewing the reconciliations and related support.

The Village has a bank account that receives cash receipts for their charges for services (utilities), along with interest earned on the account. The amount receipted each month is to be transferred out of the bank account into the Village's operating account. The utility account is not included in the Village's monthly cash reconciliation. Due to deficiencies in cash controls, charges for services receipts of \$61,373 and \$7,532 in the Enterprise and Custodial funds, respectively, and investment income of \$21 in the General fund for the month of December 2023 were not transferred to the operating account and recorded in the UAN accounting system as of year-end. Failure to include all accounts in the monthly reconciliation increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. An adjustment was made to the financial statements to record this activity in 2023. We also noted errors ranging from \$10 to \$1,787 for the month of December 2022 that were not material and not posted to the financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

FINDING NUMBER 2023-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.14 states that no transfer shall be made from one fund of a subdivision to any other fund except for those exceptions provided for in Ohio Rev. Code § 5705.14(A) through (H). Except in the case of transfer pursuant to division (E) of Ohio Rev. Code § 5705.14, transfers authorized by Ohio Rev. Code § 5705.14 shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

Due to deficiencies in transfer controls, in 2023 the Village transferred \$18,264 from the Sewer Debt Fund to the Sewer Rental Fund. However, this transfer is not allowable under Ohio Revised Code. This error resulted in an understatement of Debt Service fund balances and overstatement of Enterprise fund balances reported in the Village's year end financial information. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct this error.

The Village should follow all guidance provided by the Ohio Revised Code and Auditor of State's office for how to properly reallocate funding if allowable to another fund. The Village Council should obtain legal advice prior to enacting a transfer between funds that could have different purposes. This should include review of the originally intended purpose of both funds in the original legislation from the prior Village Council.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GRAND RAPIDS

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/19/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov