



**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Fairport Harbor  
Lake County  
220 Third Street  
Fairport Harbor, Ohio 44077

To the Village Council:

We have audited the accompanying financial statements of the Village of Fairport Harbor, Lake County, Ohio, (the Village), as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Fairport Harbor, Lake County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 11, 2001

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**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,364,622	\$0	\$35,897	\$0	\$15,969	\$1,416,488
State Shared Taxes and Permits	4,866	88,133	0	0	0	92,999
Special Assessments	0	71,476	79,653	0	0	151,129
Intergovernmental Receipts	31,875	21,213	28,939	51,687	1,406	135,120
Charges for Services	8,550	0	0	0	0	8,550
Fees, Licenses, and Permits	16,424	463	0	0	0	16,887
Earnings on Investments	55,943	0	0	0	0	55,943
Fines and Forfeitures	18,531	0	0	0	0	18,531
Contributions	1,050	0	0	15,000	0	16,050
Miscellaneous	29,159	0	0	0	0	29,159
<b>Total Cash Receipts</b>	<b>1,531,020</b>	<b>181,285</b>	<b>144,489</b>	<b>66,687</b>	<b>17,375</b>	<b>1,940,856</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	643,721	0	0	0	16,530	660,251
Public Health Services	12,978	0	0	0	0	12,978
Leisure Time Activities	9,348	0	0	0	0	9,348
Contractual Services	23,687	0	5,396	49,946	0	79,029
Transportation	256,494	85,704	0	0	0	342,198
General Government	329,650	0	0	0	0	329,650
Personal Services	0	33,429	0	0	0	33,429
Fringe Benefits	0	8,690	0	0	0	8,690
Debt Service:						
Principal Payments	0	0	101,783	0	0	101,783
Interest Payments	0	0	82,917	0	0	82,917
Capital Outlay	36,128	74,951	0	7,485	0	118,564
<b>Total Disbursements</b>	<b>1,312,006</b>	<b>202,774</b>	<b>190,096</b>	<b>57,431</b>	<b>16,530</b>	<b>1,778,837</b>
Total Receipts Over/(Under) Disbursements	219,014	(21,489)	(45,607)	9,256	845	162,019
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	8	19,844	60,590	46,758	0	127,200
Advances-In	0	0	0	29,625	0	29,625
Transfers-Out	(19,844)	0	0	(8)	0	(19,852)
Advances-Out	0	0	0	(29,625)	0	(29,625)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(19,836)</b>	<b>19,844</b>	<b>60,590</b>	<b>46,750</b>	<b>0</b>	<b>107,348</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	199,178	(1,645)	14,983	56,006	845	269,367
Fund Cash Balances January 1	698,049	65,336	25,859	3,862	1,375	794,481
<b>Fund Cash Balances, December 31</b>	<b>\$897,227</b>	<b>\$63,691</b>	<b>\$40,842</b>	<b>\$59,868</b>	<b>\$2,220</b>	<b>\$1,063,848</b>
Reserves for Encumbrances, December 31	\$222,925	\$4,040	\$0	\$0	\$300	\$227,265

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

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$563,198	\$0	\$563,198
Total Operating Cash Receipts	563,198	0	563,198
<b>Operating Cash Disbursements:</b>			
Basic Utility Services	389,974	0	389,974
Total Operating Cash Disbursements	389,974	0	389,974
Operating Income/(Loss)	173,224	0	173,224
<b>Non-Operating Cash Receipts:</b>			
Interest Earnings	16,925	0	16,925
Other Non-Operating Receipts	0	21,858	21,858
Total Non-Operating Cash Receipts	16,925	21,858	38,783
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	21,858	21,858
Total Non-Operating Cash Disbursements	0	21,858	21,858
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	190,149	0	190,149
Advances-In	29,625	0	29,625
Transfers-Out	(107,348)	0	(107,348)
Advances-Out	(29,625)	0	(29,625)
Net Receipts Over/(Under) Disbursements	82,801	0	82,801
Fund Cash Balances, January 1	260,988	0	260,988
<b>Fund Cash Balances, December 31</b>	<b>\$343,789</b>	<b>\$0</b>	<b>\$343,789</b>
Reserve for Encumbrances, December 31	\$22,401	\$0	\$22,401

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



**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,297,469	\$0	\$19,371	\$0	\$11,623	\$1,328,463
State Shared Taxes and Permits	9,872	86,262	0	0	0	96,134
Special Assessments	0	68,876	94,527	0	0	163,403
Intergovernmental Receipts	30,849	25,482	28,023	310,234	1,369	395,957
Charges for Services	8,780	0	0	0	0	8,780
Fees, Licenses, and Permits	4,472	0	0	0	0	4,472
Fines and Forfeitures	24,123	453	0	0	0	24,576
Earnings on Investments	34,183	0	0	0	0	34,183
Miscellaneous	29,401	0	0	0	0	29,401
<b>Total Cash Receipts</b>	<b>1,439,149</b>	<b>181,073</b>	<b>141,921</b>	<b>310,234</b>	<b>12,992</b>	<b>2,085,369</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	646,347	0	0	0	12,611	658,958
Public Health Services	11,879	0	0	0	0	11,879
Leisure Time Activities	10,705	0	0	0	0	10,705
Contractual Services	16,751	0	5,362	374,555	0	396,668
Community Environment	6,750	0	0	0	0	6,750
Transportation	182,504	89,390	0	0	0	271,894
General Government	327,661	0	0	0	0	327,661
Personal Services	0	27,242	0	0	0	27,242
Fringe Benefits	0	2,330	0	0	0	2,330
Debt Service:	0	0	0	0	0	0
Principal Payments	0	0	96,988	0	0	96,988
Interest Payments	0	0	89,956	0	0	89,956
Capital Outlay	28,969	61,124	0	4,434	0	94,527
<b>Total Disbursements</b>	<b>1,231,566</b>	<b>180,086</b>	<b>192,306</b>	<b>378,989</b>	<b>12,611</b>	<b>1,995,558</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>207,583</b>	<b>987</b>	<b>(50,385)</b>	<b>(68,755)</b>	<b>381</b>	<b>89,811</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	0	12,000	54,147	45,980	0	112,127
Transfers-Out	(12,000)	0	0	0	0	(12,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(12,000)</b>	<b>12,000</b>	<b>54,147</b>	<b>45,980</b>	<b>0</b>	<b>100,127</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>195,583</b>	<b>12,987</b>	<b>3,762</b>	<b>(22,775)</b>	<b>381</b>	<b>189,938</b>
<b>Fund Cash Balances January 1</b>	<b>502,466</b>	<b>52,349</b>	<b>22,097</b>	<b>26,637</b>	<b>994</b>	<b>604,543</b>
<b>Fund Cash Balances, December 31</b>	<b>\$698,049</b>	<b>\$65,336</b>	<b>\$25,859</b>	<b>\$3,862</b>	<b>\$1,375</b>	<b>\$794,481</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$78,851</b>	<b>\$5,475</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$85,406</b>

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

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$518,998	\$0	\$518,998
Total Operating Cash Receipts	518,998	0	518,998
<b>Operating Cash Disbursements:</b>			
Basic Utility Services	323,651	0	323,651
Total Operating Cash Disbursements	323,651	0	323,651
Operating Income/(Loss)	195,347	0	195,347
<b>Non-Operating Cash Receipts:</b>			
Interest Earnings	8,708	0	8,708
Other Non-Operating Receipts	0	27,241	27,241
Total Non-Operating Cash Receipts	8,708	27,241	35,949
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	27,241	27,241
Total Non-Operating Cash Disbursements	0	27,241	27,241
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	204,055	0	204,055
Transfers-Out	(100,127)	0	(100,127)
Net Receipts Over/(Under) Disbursements	103,928	0	103,928
Fund Cash Balances, January 1	157,060	0	157,060
<b>Fund Cash Balances, December 31</b>	<b><u>\$260,988</u></b>	<b><u>\$0</u></b>	<b><u>\$260,988</u></b>
Reserve for Encumbrances, December 31	<u>\$9,839</u>	<u>\$0</u>	<u>\$9,839</u>

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

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Fairport Harbor, Lake County, Ohio, is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water utilities, rubbish collections, building, zoning and police and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains at the time of sale are recorded as receipts.

**D. Fund Accounting**

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

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Special Revenue Funds (Continued)**

Street Lighting Fund - This fund receives special assessment monies which are used to provide street lighting.

**Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and loan indebtedness.

**Capital Project Funds**

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Village had the following significant Capital Project Funds:

Capital Projects Fund - This fund is used to account for capital improvements in the Village.

Issue 2 Fund - This fund is used to account for Issue 2 funds used for the water treatment backwash project.

**Enterprise Funds**

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

Water Fund - This fund is used to account for charges for services from residents to cover the cost of providing this utility.

**Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

**Expendable Trust Fund**

Police Disability & Pension Fund - This fund receives property tax monies which are used to provide services to the residents

**Agency Fund**

Mayor's Court Fund - This fund receives fees from traffic violations. A portion of these fees are paid to the Village's General Fund and the remainder is remitted to the State of Ohio.

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. 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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$309,443	\$280,963
Certificates of Deposit	<u>699,999</u>	<u>399,999</u>
Total Deposits	<u>1,009,442</u>	<u>680,962</u>
STAR Ohio	<u>398,195</u>	<u>374,507</u>
Total Investments	<u>398,195</u>	<u>374,507</u>
Total Deposits and Investments	<u>\$1,407,637</u>	<u>\$1,055,469</u>

**Deposits:**

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,450,811	\$1,531,028	\$80,217
Special Revenue	202,055	201,129	(926)
Debt Service	212,943	180,828	(32,115)
Capital Projects	396,240	113,445	(282,795)
Expendable Trust	17,519	17,375	(144)
Enterprise	617,700	580,123	(37,577)
Total	<u>\$2,897,268</u>	<u>\$2,623,928</u>	<u>(\$273,340)</u>

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,803,194	\$1,554,775	\$248,419
Special Revenue	260,860	206,814	54,046
Debt Service	206,580	165,845	40,735
Capital Projects	370,126	57,439	312,687
Expendable Trust	17,343	16,830	513
Enterprise	602,889	519,723	83,166
Total	<u>\$3,260,992</u>	<u>\$2,521,426</u>	<u>\$739,566</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,368,789	\$1,439,149	\$70,360
Special Revenue	194,365	193,073	(1,292)
Debt Service	191,224	170,327	(20,897)
Capital Projects	595,700	356,214	(239,486)
Expendable Trust	12,974	12,992	18
Enterprise	480,800	527,706	46,906
Total	<u>\$2,843,852</u>	<u>\$2,699,461</u>	<u>(\$144,391)</u>

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,583,175	\$1,322,417	\$260,758
Special Revenue	236,075	185,561	50,514
Debt Service	212,394	167,645	44,749
Capital Projects	622,168	378,989	243,179
Expendable Trust	13,317	12,611	706
Enterprise	538,191	433,617	104,574
Total	<u>\$3,205,320</u>	<u>\$2,500,840</u>	<u>\$704,480</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on tangible personal property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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



**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
High & Water Street - General Obligation. Bonds	\$60,000	10.00%
High & Water Street - Special Assessment Bonds	330,000	6.60%
OWDA Loan - High & Water Street	329,140	7.65%
OWDA Loan - Backwash Project	653,415	3.50%
Total	<u>\$1,372,555</u>	

The Ohio Water Development Authority (OWDA) loan for High and Water Streets relates to water and sewer improvement projects. OWDA issued the loan for \$569,648 in 1989 and it is being repaid in annual installments of \$56,517, including interest, over 20 years.

The OWDA loan for the Backwash Project pertains to improvements to the water plant. OWDA issued the loan in 1999 for \$704,499. The loan will be repaid in semi-annual installments of \$24,638, including interest, over 20 years.

The General Obligation Bonds relate to the reconstruction of High and Water Streets. The bonds were issued in 1984 and will be repaid in semiannual installments, including interest, over 20 years.

The Special Assessment Bonds relate to the reconstruction of High and Water Streets. The bonds were issued in 1991 and will be repaid in semiannual installments, including interest, over 20 years.

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

<u>Year Ending December 31,</u>	<u>High &amp; Water Street - General Obligation Bonds</u>	<u>High &amp; Water Street - Special Assessment Bonds</u>	<u>High &amp; Water Street - OWDA Loan</u>	<u>Backwash Project - OWDA Loan</u>
2001	\$21,000	\$51,780	\$56,517	\$49,276
2002	19,500	49,800	56,517	49,276
2003	18,000	47,820	56,517	49,276
2004	16,500	45,840	56,517	49,276
2005		43,860	56,517	49,276
2006-2010		189,600	169,551	245,538
2011-2015		31,980		246,377
2016-2018				<u>147,826</u>
Total	<u>\$75,000</u>	<u>\$460,680</u>	<u>\$452,136</u>	<u>\$886,121</u>

**VILLAGE OF FAIRPORT HARBOR  
LAKE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police & Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability,
- Vehicles, emergency medical services, law enforcement liability,
- Commercial catastrophe liability, and errors and omissions.

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



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Fairport Harbor  
Lake County  
220 Third Street  
Fairport Harbor, Ohio 44077

To the Village Council:

We have audited the financial statements of the Village of Fairport Harbor, Lake County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 11, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 11, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 11, 2001.

Village of Fairport Harbor  
Lake County  
Report on Compliance and on Internal Control Required By  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 11, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF FAIRPORT HARBOR**

**LAKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 28, 2001**