



**VILLAGE OF GRAND RIVER
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF GRAND RIVER
LAKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Similar Fiduciary Fund – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



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

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Grand River
Lake County
205 Singer Avenue
Grand River, Ohio 44045

To the Members of Council:

We have audited the accompanying financial statements of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 2000. 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 audit.

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

As discussed 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 Grand River, Lake County, Ohio, as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 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, 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

April 13, 2001

This page intentionally left blank.

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$368,410	\$0	\$0	\$0	\$368,410
Intergovernmental Receipts	115,411	28,238	0	18,800	162,449
Charges for Services	258	0	0	0	258
Interest Earnings	1,781	0	0	0	1,781
Fines, Licenses, and Permits	33,718	0	0	0	33,718
All Other Revenue	11,049	0	0	0	11,049
	<u>530,627</u>	<u>28,238</u>	<u>0</u>	<u>18,800</u>	<u>577,665</u>
Total Cash Receipts					
	<u>530,627</u>	<u>28,238</u>	<u>0</u>	<u>18,800</u>	<u>577,665</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	368,179	12,956	0	0	381,135
Public Health and Welfare	2,737	0	0	0	2,737
Leisure Time Activities	2,596	0	0	0	2,596
Community Development	3,821			18,800	22,621
Transportation	10,740	17,949	0	0	28,689
General Government	129,823	0	0	0	129,823
Debt Service	23,781	786			24,567
	<u>541,677</u>	<u>31,691</u>	<u>0</u>	<u>18,800</u>	<u>592,168</u>
Total Cash Disbursements					
	<u>541,677</u>	<u>31,691</u>	<u>0</u>	<u>18,800</u>	<u>592,168</u>
Total Receipts Over/(Under) Disbursements	<u>(11,050)</u>	<u>(3,453)</u>	<u>0</u>	<u>0</u>	<u>(14,503)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(11,050)</u>	<u>(3,453)</u>	<u>0</u>	<u>0</u>	<u>(14,503)</u>
Fund Cash Balances, January 1, 2000	<u>138,172</u>	<u>14,942</u>	<u>272</u>	<u>0</u>	<u>153,386</u>
Fund Cash Balances, December 31, 2000	<u>\$127,122</u>	<u>\$11,489</u>	<u>\$272</u>	<u>\$0</u>	<u>\$138,883</u>
Reserves for Encumbrances, December 31, 2000	<u>\$10,302</u>	<u>\$5,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,302</u>

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

VILLAGE OF GRAND VILLAGE
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	Fiduciary Fund Type
	Agency Funds
Operating Cash Receipts:	
Licenses and Permits	\$1,450
Fines and Forfeitures	43,037
Total Operating Cash Receipts	44,487
Operating Cash Disbursements:	
Other Operating Expenses	43,709
Total Operating Cash Disbursements	43,709
Operating Income/(Loss)	778
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	500
Total Non-Operating Cash Receipts	500
Net Receipts Over/(Under) Disbursements	1,278
Fund Cash Balances, January 1, 2000	7,986
Fund Cash Balances, December 31, 2000	\$9,264
Reserve for Encumbrances, December 31, 2000	\$0

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

**VILLAGE OF GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Grand River, Lake County, (the Village) 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, and the Village's Charter. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including road maintenance, police services, fire protection and emergency medical services.

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

Northeast Ohio Public Energy Council

The Village is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 104 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2000. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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 disbursements 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

The Village had only demand deposits during the audit period.

**VILLAGE OF GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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 Fund:

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

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds.

4. Capital Projects Funds

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

Capital Projects Fund - This fund consists of revenues and disbursements of funds from the Community Development Block Grant (CDBG) for the improvement of the Village Hall restrooms.

5. Fiduciary Fund Type (Agency Funds)

These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The Village had the following significant Fiduciary Fund:

Village Mayors Court Fund - This fund holds deposits which consist of traffic violations within the Village limits. A portion of these revenues are paid to the Village General Fund and the remainder is remitted to the State of Ohio.

**VILLAGE OF GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

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.

1. Appropriations

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

2. Estimated Resources

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

3. 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 the 2000 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>
Demand deposits	<u>\$148,147</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposits pool.

**VILLAGE OF GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 524,164	\$ 530,627	\$ 6,463
Special Revenue	41,567	28,238	(13,329)
Debt Service	0	0	0
Capital Projects	18,800	18,800	0
Agency	46,550	44,987	(1,563)
Total	\$ 631,081	\$ 622,652	\$ (8,429)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 636,422	\$ 551,980	\$ 84,442
Special Revenue	56,373	36,691	19,682
Debt Service	272	0	272
Capital Projects	18,800	18,800	0
Agency	53,615	43,709	9,906
Total	\$ 765,482	\$ 651,180	\$ 114,302

4. ACCOUNTABILITY AND COMPLIANCE

As of December 31, 2000 the COPS More Special Revenue Fund had a deficit fund balance of \$5,380.00, which is due to federal grant reimbursements not received until January 2001.

5. 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 personal and real 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 GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

6. INCOME TAX

The Village levies an income tax of 2% on gross salaries, wages and other personal service compensation earned by residents of the Village and on the earnings of nonresidents working within the Village. The tax also applies to the net income of businesses operating within the Village.

7. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Note - Police Cruiser	\$ 6,563	4.90%
Note - Emergency Rescue Squad	13,424	6.10%
OPWC - River Street Improvement	14,550	0.00%
Total	\$34,537	

The Village issued a note for a police cruiser purchased in December, 1998. Key Bank holds the note issued in the amount of \$19,703. The note is being repaid in semi-annual installments over 3 years. The Village issued a note for a Emergency Rescue Squad that was purchased in December, 1999. Key Bank holds the note issued in the amount of \$58,778. The note is being paid in monthly installments over 4 years. The 1999 Ohio Public Works Commission (OPWC) obligation is for the River Street Improvement. The Village is required to pay OPWC \$15,336, in semi-annual payments over 20 years.

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

Year ending December 31:	Police Cruiser Note	Rescue Squad Note	OPWC Obligation	Total
2001	\$7,142	\$16,639	\$786	\$24,567
2002	0	16,639	786	17,425
2003	0	16,639	786	17,425
2004	0	0	786	786
2005	0	0	786	786
2006 - 2010	0	0	3,932	3,932
2011 - 2015	0	0	3,932	3,932
2016 - 2019	0	0	2,756	2,756
Total	\$7,142	\$49,917	\$14,550	\$71,609

**VILLAGE OF GRAND RIVER
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of PFDPF contributed 10% of their wages to the PFDPF. 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.

9. 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

10. RELATED PARTY TRANSACTIONS

A Village Council member is part owner of a company from which the Village acquired tire services during the audit period. The Village paid \$475.00 for these acquisitions.



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

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

Village of Grand River
Lake County
205 Singer Avenue
Grand River, Ohio 44045

To the Members of Council:

We have audited the accompanying financial statements of the Village of Grand River, Lake County, Ohio, (the Village) as of and for the year ended December 31, 2000, and have issued our report thereon dated April 13, 2001. We conducted our audit 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 audit 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 certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated April 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 statements 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 13, 2001.

Village of Grand River
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 Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 13, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF GRAND RIVER

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
MAY 8, 2001**