



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Grand Rapids
Wood County
17460 Sycamore Road
P.O. Box 309
Grand Rapids, Ohio 43522-0309

To the Village Council:

We have audited the accompanying financial statements of the Village of Grand Rapids (the Village) as of and for the years ended December 31, 2001 and 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 audits.

We conducted our audits in accordance with 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. 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 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 as of December 31, 2001 and 2000, 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 August 23, 2002 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 the audit committee, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 23, 2002

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**VILLAGE OF GRAND RAPIDS
WOOD 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, 2001**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash Receipts:		
Property Tax and Other Local Taxes	\$26,130	\$13,099
State Shared Taxes and Permits	68,032	41,604
Special Assessments		12,996
Intergovernmental Receipts	768	
Charges for Services		
Fines, Licenses, and Permits	4,971	
Earnings on Investments	44,689	
Miscellaneous	16,647	
	<u>161,237</u>	<u>67,699</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Security of Persons and Property	57,626	9,499
Public Health Services	882	
Leisure Time Activities	16,184	
Community Environment	1,682	
Basic Utility Services	5,031	
Transportation	30,332	25,668
General Government	132,342	
Debt Service:		
Principal Payments		
Interest Payments		
Capital Outlay	55,710	62,132
	<u>299,789</u>	<u>97,299</u>
Total Cash Disbursements		
Total Receipts Over/(Under) Disbursements	<u>(138,552)</u>	<u>(29,600)</u>
Other Financing Receipts and (Disbursements):		
Sale of Assets	28,000	
Transfers-In	177,470	
Transfers-Out	(44,689)	
	<u>160,781</u>	
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,229	(29,600)
Fund Cash Balances, January 1	<u>340,424</u>	<u>104,063</u>
Fund Cash Balances, December 31	<u>\$362,653</u>	<u>\$74,463</u>
Reserves for Encumbrances, December 31	<u>\$16</u>	<u>\$21</u>

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
		\$233,714	\$272,943
			109,636
\$27,098			40,094
			768
45,803			45,803
			4,971
			44,689
			16,647
<u>72,901</u>		<u>233,714</u>	<u>535,551</u>
			67,125
			882
			16,184
			1,682
			5,031
			56,000
		15,619	147,961
94,000	\$63,339		157,339
30,525	2,577		33,102
	42,241		160,083
<u>124,525</u>	<u>108,157</u>	<u>15,619</u>	<u>645,389</u>
<u>(51,624)</u>	<u>(108,157)</u>	<u>218,095</u>	<u>(109,838)</u>
			28,000
108,289	59,157		344,916
		(236,627)	(281,316)
<u>108,289</u>	<u>59,157</u>	<u>(236,627)</u>	<u>91,600</u>
56,665	(49,000)	(18,532)	(18,238)
<u>253,628</u>	<u>218,120</u>	<u>18,532</u>	<u>934,767</u>
<u>\$310,293</u>	<u>\$169,120</u>		<u>\$916,529</u>
		\$5	\$42

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**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$344,887
Total Operating Cash Receipts	344,887
Operating Cash Disbursements:	
Personal Services	57,163
Fringe Benefits	22,259
Contractual Services	226,114
Capital Outlay	560
Total Operating Cash Disbursements	306,096
Operating Income	38,791
Excess of Receipts Over Disbursements Before Interfund Transfers	38,791
Transfers-Out	(63,600)
Net Disbursements Over Receipts	(24,809)
Fund Cash Balances, January 1	239,178
Fund Cash Balances, December 31	\$214,369
Reserve for Encumbrances, December 31	

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

**VILLAGE OF GRAND RAPIDS
WOOD 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**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash Receipts:		
Property Tax and Other Local Taxes	\$28,570	\$13,030
State Shared Taxes and Permits	96,612	40,024
Special Assessments		12,249
Intergovernmental Receipts	59,544	
Charges for Services		
Fines, Licenses, and Permits	5,194	
Earnings on Investments	50,584	
Miscellaneous	9,950	8,594
	<u>250,454</u>	<u>73,897</u>
Total Cash Receipts		
Cash Disbursements:		
Current:		
Security of Persons and Property	45,764	9,108
Public Health Services	662	
Leisure Time Activities	105,971	
Community Environment	1,689	
Basic Utility Services	3,862	
Transportation	6,225	12,404
General Government	78,542	
Debt Service:		
Principal Payments		
Interest Payments		
Capital Outlay	76,049	9,217
	<u>318,764</u>	<u>30,729</u>
Total Cash Disbursements		
Total Receipts Over/(Under) Disbursements	<u>(68,310)</u>	<u>43,168</u>
Other Financing Receipts and (Disbursements):		
Transfers-In	300,000	
Transfers-Out	(89,764)	
	<u>210,236</u>	
Total Other Financing Receipts/(Disbursements)		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	141,926	43,168
Fund Cash Balances, January 1	198,498	60,895
Fund Cash Balances, December 31	<u><u>\$340,424</u></u>	<u><u>\$104,063</u></u>
Reserves for Encumbrances, December 31	<u>\$13,566</u>	

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
		\$217,967	\$259,567
			136,636
\$27,279			39,528
			59,544
54,098			54,098
			5,194
			50,584
			18,544
<u>81,377</u>		<u>217,967</u>	<u>623,695</u>
			54,872
			662
			105,971
			1,689
			3,862
			18,629
		12,858	91,400
91,821	\$27,324		119,145
32,703	3,876		36,579
	59,666		144,932
<u>124,524</u>	<u>90,866</u>	<u>12,858</u>	<u>577,741</u>
<u>(43,147)</u>	<u>(90,866)</u>	<u>205,109</u>	<u>45,954</u>
153,364	100,000		553,364
		(400,000)	(489,764)
<u>153,364</u>	<u>100,000</u>	<u>(400,000)</u>	<u>63,600</u>
110,217	9,134	(194,891)	109,554
<u>143,411</u>	<u>208,986</u>	<u>213,423</u>	<u>825,213</u>
<u>\$253,628</u>	<u>\$218,120</u>	<u>\$18,532</u>	<u>\$934,767</u>
			\$13,566

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**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$323,418
Total Operating Cash Receipts	323,418
Operating Cash Disbursements:	
Personal Services	56,576
Fringe Benefits	19,964
Contractual Services	1,393
Supplies and Materials	202,216
Total Operating Cash Disbursements	280,149
Operating Income	43,269
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	1,280
Total Non-Operating Cash Disbursements	1,280
Excess of Receipts Over Disbursements Before Interfund Transfers	41,989
Transfers-Out	(63,600)
Net Disbursements Over Receipts	(21,611)
Fund Cash Balances, January 1	260,789
Fund Cash Balances, December 31	\$239,178
Reserve for Encumbrances, December 31	\$177

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

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**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Grand Rapids (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. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations. The Village contracts with the Wood County Sheriff's department to provide security of persons and property.

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 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

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

Certificates of deposit, repurchase agreements, and U.S. Treasury Notes are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

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 Fund

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 GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Street Levy Fund -This fund receives revenues from a special levy for the purposes of cleaning and maintenance of Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Water Debt Service Fund – This fund is used to accumulate resources for the payment of OWDA Water loan.

Sewer Debt Service Fund – This fund is used to accumulate resources for the payment of OWDA Sewer loan.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Water Capital Improvement Fund – This fund receives revenue from water taps and proceeds of OWDA Grant for the purpose of water line construction project.

Sewer Capital Improvement Fund – This fund receives revenue from General Fund and Income Tax Fund for the construction of sewer lines.

5. 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 Funds:

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

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. 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 expendable trust fund:

Municipal Income Tax Fund – Received proceeds of the Village income tax.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 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 2001 and 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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:

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

	2001	2000
Demand deposits	\$39,006	\$32,707
Certificates of deposit	194,602	400,000
Total deposits	233,608	432,707
U.S. Government Securities	276,376	
Repurchase agreement	591,893	741,238
Mutual funds	29,022	
Total investments	897,291	741,238
Total deposits and investments	\$1,130,898	\$1,173,945

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: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form. Overnight repurchase agreements are invested by the financial institutions Investment and Trust Services Division in short-term securities in accordance with the Ready Resource Account Master Repurchase Agreement. The financial institution maintains records identifying the Village as owner of the securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$529,278	\$366,707	(\$162,571)
Special Revenue	64,265	67,699	3,434
Debt Service	160,000	181,190	21,190
Capital Projects	110,000	59,157	(50,843)
Enterprise	307,080	344,887	37,807
Fiduciary	233,719	233,714	(5)
Total	\$1,404,342	\$1,253,354	(\$150,988)

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$552,590	\$344,494	\$208,096
Special Revenue	154,000	97,320	56,680
Debt Service	130,000	124,525	5,475
Capital Projects	250,000	108,157	141,843
Enterprise	493,776	369,696	124,080
Fiduciary	252,251	252,251	
Total	<u>\$1,832,617</u>	<u>\$1,296,443</u>	<u>\$536,174</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$468,204	\$550,454	\$82,250
Special Revenue	62,267	73,897	11,630
Debt Service	130,000	234,741	104,741
Capital Projects	153,000	100,000	(53,000)
Enterprise	303,080	323,418	20,338
Fiduciary	200,000	217,967	17,967
Total	<u>\$1,316,551</u>	<u>\$1,500,477</u>	<u>\$183,926</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$524,872	\$422,094	\$102,778
Special Revenue	140,000	30,729	109,271
Debt Service	130,000	124,524	5,476
Capital Projects	236,300	90,866	145,434
Enterprise	452,600	345,206	107,394
Fiduciary	412,858	412,858	
Total	<u>\$1,896,630</u>	<u>\$1,426,277</u>	<u>\$470,353</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 payments, 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.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to 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.

5. LOCAL INCOME TAX

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.

The Central Collection Agency (CCA) administers and collects income taxes for the Village. Amounts collected are remitted monthly to the Village. Collection fees paid to CCA amounted to \$6,505 in 2001 and \$6,000 in 2000.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$897,350	2.0 to 7.11%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project loans received in 1978 and 1992. Loan # 0524 (1978) is to be repaid in annual installments of \$36,339 including interest, over 25 years with the last payment due 01/01/04. Loan # 0524 Supplemental (1978) is to be repaid in annual installment of \$14,882 including interest, over 25 years with the last payment due 01/01/04. Loan # 0233 (1992) is to be repaid in annual installments of \$73,304 including interest, with the last payment due 01/01/17. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan
2002	\$124,525
2003	124,525
2004	124,525
2005	124,525
2006	124,525
2007 – 2017	652,681
Total	\$1,275,306

7. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits,

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Comprehensive property and general liability;
- Public official's liability;
- Vehicles; and
- Errors and omissions.

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Village of Grand Rapids
Wood County
17460 Sycamore Road
P.O. Box 309
Grand Rapids, Ohio 43522-0309

To the Village Council:

We have audited the accompanying financial statements of the Village of Grand Rapids (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 23, 2002. We conducted our audit in accordance with 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.

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 management of the Village in a separate letter dated August 23, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 August 23, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

August 23, 2002



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 RAPIDS

WOOD 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
OCTOBER 10, 2002**