



**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 22, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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 Village of Grand Rapids, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has

elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, 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 Village of Grand Rapids, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

February 22, 2010

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$32,313	\$26,162			\$58,475
Municipal Income Tax	3,371	199,619			202,990
Intergovernmental	60,095	57,235			117,330
Special Assessments	7,627	14,385			22,012
Charges for Services		420		\$18,108	18,528
Fines, Licenses and Permits	10,328				10,328
Earnings on Investments	32,574	4,535			37,109
Miscellaneous	32,897	180			33,077
Total Cash Receipts	179,205	302,536		18,108	499,849
Cash Disbursements:					
Current:					
Security of Persons and Property	80,484	16,224			96,708
Public Health Services	1,082				1,082
Leisure Time Activities	49,419				49,419
Community Environment	2,086				2,086
Basic Utility Service	8,143				8,143
Transportation	1,540	40,056			41,596
General Government	106,182	42,429			148,611
Debt Service:					
Redemption of Principal			\$92,619		92,619
Interest and Fiscal Charges			17,337		17,337
Capital Outlay	140,153	13,825		21,909	175,887
Total Cash Disbursements	389,089	112,534	109,956	21,909	633,488
Total Receipts Over/(Under) Disbursements	(209,884)	190,002	(109,956)	(3,801)	(133,639)
Other Financing Receipts / (Disbursements):					
Transfers-In	118,542	249	38,400	39,514	196,705
Transfers-Out	(249)	(158,056)			(158,305)
Other Financing Sources	2,982	4,315	7,782	6,246	21,325
Other Financing Uses	(5,176)	(6,866)	(12,781)	(9,103)	(33,926)
Total Other Financing Receipts / (Disbursements)	116,099	(160,358)	33,401	36,657	25,799
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(93,785)	29,644	(76,555)	32,856	(107,840)
Fund Cash Balances, January 1	424,966	200,698	280,614	257,106	1,163,384
Fund Cash Balances, December 31	\$331,181	\$230,342	\$204,059	\$289,962	\$1,055,544

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 - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$481,588
Miscellaneous	450
	482,038
Operating Cash Disbursements:	
Personal Services	95,573
Employee Fringe Benefits	31,004
Contractual Services	46,773
Supplies and Materials	238,900
Other	560
	412,810
Total Operating Cash Disbursements	412,810
Operating Income	69,228
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	5,064
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	8,206
Excess of Receipts Over Disbursements Before Interfund Transfers	66,086
Transfers-In	40
Transfers-Out	(38,440)
	27,686
Net Receipts Over Disbursements	27,686
Fund Cash Balances, January 1	432,495
Fund Cash Balances, December 31	\$460,181
Reserve for Encumbrances, December 31	\$7,100

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$32,607	\$26,465			\$59,072
Municipal Income Tax	4,775	208,289			213,064
Intergovernmental	62,147	59,932		\$110,865	232,944
Special Assessments	9,984	14,560			24,544
Charges for Services			\$1,529	31,365	32,894
Fines, Licenses and Permits	10,203				10,203
Earnings on Investments	34,996	932			35,928
Miscellaneous	16,189	337			16,526
Total Cash Receipts	170,901	310,515	1,529	142,230	625,175
Cash Disbursements:					
Current:					
Security of Persons and Property	79,227	13,965			93,192
Public Health Services	928				928
Leisure Time Activities	23,025				23,025
Community Environment	7,687				7,687
Basic Utility Service	12,071				12,071
Transportation	548	39,905			40,453
General Government	111,182	43,802			154,984
Debt Service:					
Redemption of Principal			30,669		30,669
Interest and Fiscal Charges			5,983		5,983
Capital Outlay	5,500	2,261		161,646	169,407
Total Cash Disbursements	240,168	99,933	36,652	161,646	538,399
Total Receipts Over/(Under) Disbursements	(69,267)	210,582	(35,123)	(19,416)	86,776
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Transfers-In	123,365		35,200	41,122	199,687
Transfers-Out		(164,487)			(164,487)
Other Financing Sources	13,308		3,551	2,901	19,760
Other Financing Uses	(242)	(158)	(14,481)	(2,246)	(17,127)
Total Other Financing Receipts / (Disbursements)	136,431	(164,645)	24,270	41,777	37,833
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	67,164	45,937	(10,853)	22,361	124,609
Fund Cash Balances, January 1	357,802	154,761	291,467	234,745	1,038,775
Fund Cash Balances, December 31	\$424,966	\$200,698	\$280,614	\$257,106	\$1,163,384
Reserve for Encumbrances, December 31	\$126,016	\$4,656	\$35,482	\$14,539	\$180,693

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 - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$488,815
Miscellaneous	276
	489,091
Total Operating Cash Receipts	489,091
Operating Cash Disbursements:	
Personal Services	91,234
Employee Fringe Benefits	30,699
Contractual Services	31,530
Supplies and Materials	256,188
Other	240
	409,891
Total Operating Cash Disbursements	409,891
Operating Income	79,200
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	17
	17
Non-Operating Cash Disbursements:	
Capital Outlay	12,000
Other Non-Operating Cash Disbursements	297
	12,297
Total Non-Operating Cash Disbursements	12,297
Excess of Receipts Over Disbursements Before Interfund Transfers	66,920
Transfers-Out	(35,200)
Net Receipts Over Disbursements	31,720
Fund Cash Balances, January 1	400,775
Fund Cash Balances, December 31	\$432,495
Reserve for Encumbrances, December 31	\$30,366

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Grand Rapids, Wood County, (the Village) as a body corporate and politic. 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 participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool which is an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to governments.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. 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.

The Village values federal agency securities at cost. The money market mutual funds are recorded at share values the mutual fund reports.

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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

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

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Water Debt Fund – This fund receives transfers in from the Water Fund to pay the OWDA debt for water line installation.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Sewer Capital Improvement Fund – This fund receives transfers in from the Income Tax Fund to cover costs of providing this utility.

5. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (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 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. 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.

2. Equity in Pooled Deposits and Investments

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2009	2008
Demand deposits	\$452,827	\$670,735
Investments:		
Federal Home Loan Bank	277,588	
Federal Natinoal Mortgage Administration	414,640	205,715
Federal Home Loan Mortgage Company		100,567
Municipal Securities		600,000
Mutual Funds	370,670	18,862
Total investments	1,062,898	925,144
Total deposits and investments	\$1,515,725	\$1,595,879

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

Investments: The UBS Financial Services Inc. (UBS) holds the Village's Federal Agency Securities Money Market and cash amounts in the name of the Village.

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$287,478	\$300,729	\$13,251
Special Revenue	316,651	307,100	(9,551)
Debt Service	40,000	46,182	6,182
Capital Projects	80,000	63,868	(16,132)
Enterprise	472,080	487,142	15,062
Total	\$1,196,209	\$1,205,021	\$8,812

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$593,914	\$394,514	\$199,400
Special Revenue	462,657	277,456	185,201
Debt Service	111,982	122,737	(10,755)
Capital Projects	298,539	31,012	267,527
Enterprise	799,529	466,556	332,973
Total	\$2,266,621	\$1,292,275	\$974,346

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$311,857	\$307,574	(\$4,283)
Special Revenue	316,117	310,515	(5,602)
Debt Service	40,000	40,280	280
Capital Projects	201,225	186,253	(14,972)
Enterprise	468,080	489,108	21,028
Total	\$1,337,279	\$1,333,730	(\$3,549)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$640,468	\$366,426	\$274,042
Special Revenue	444,200	269,234	174,966
Debt Service	74,000	86,615	(12,615)
Capital Projects	426,225	178,431	247,794
Enterprise	761,400	487,754	273,646
Total	\$2,346,293	\$1,388,460	\$957,833

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Service fund by \$10,755 and \$12,615 for the years ended December 31, 2009 and 2008 respectively.

4. Property Tax

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

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

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.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$474,441	2%

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project loan received in 1992. Loan #2737 (1992) is to be repaid in annual installments of \$73,304 including interest, with the last payment due January 1, 2017. The loan is collateralized by water receipts. 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
2010	\$36,652
2011	73,304
2012	73,304
2013	73,304
2014	73,304
2015-2017	183,260
Total	\$513,128

7. Retirement System

The Village's full time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. Risk Management

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Government participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Government does not participate participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRM and OPHC (the latest information available):

VILLAGE OF GRAND RAPIDS
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

8. Risk Management (Continued)

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the Village of Grand Rapids, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated February 22, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We did note certain matters not requiring inclusion in this reports that we reported to the Village's Management in a separate letter dated February 22, 2010.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 22, 2010

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation - Material Weakness

Ohio Revised Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. **Ohio Revised Code § 5705.10(D)** states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. **Ohio Revised Code § 135.21** requires interest earned to be apportioned among certain funds, unless otherwise expressly required by law.

On December 10, 2007, **the Village of Grand Rapids**, through the written consent of its Mayor, adopted **Resolution No. 2007-9, Section 1**, which states as follows: "That the monies received in the Income Tax Fund shall be transferred to the General Fund (3/4 split) and the Sewer Capital Improvement Fund (1/4 split)."

During our testing, the following transactions were found to be posted to the incorrect funds:

- Property Tax and homestead and rollback receipts to be paid into the Street Construction, Maintenance and Repair Levy fund were posted to the General fund in 2009 and 2008 in the amounts of \$4,195 and \$4,653, respectively.
- Gas Tax revenue to be paid into the Street Construction, Maintenance and Repair fund was posted to the State Highway fund in 2009 and 2008 in the amounts of \$2,228 and \$1,805, respectively.
- Income tax revenue to be paid into the General fund was posted to the Income Tax fund in 2009 and 2008 in the amounts of \$2,623 and \$1,520, respectively.
- Income tax receipts that were collected in 2009 and 2008 in the amount of \$18,864 were not correctly allocated to the Sewer Capital fund in accordance with Resolution 2007-09, resulting in deficient allocations of \$18,407 due to the General fund and \$458 due to the Income Tax fund.
- Funds to be transferred to the Debt Service fund were transferred to the Permissive Tax fund in 2009 in the amount of \$3,200.
- Transfers from the General fund in 2008 to the Water Capital Projects fund in the amount of \$18,328 and to the Debt Service fund in the amount of \$17,656 were not approved by Council.
- Interest earnings in 2009 to be paid into the General fund were instead posted to the Debt Service fund, the Sewer and Water Capital Projects fund, the Water fund, the Sewer fund and the Deposit fund in the amounts of \$1,177, \$944, \$404, \$316 and \$63, respectively.

The accompanying financial statement and the Village's accounting records were adjusted to reflect these amounts in the proper funds.

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Audit Committee, to identify and correct errors and omissions.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

The Debt Service fund had expenditures in excess of appropriations as of December 31, 2009 and 2008, as noted below:

	Appropriation Authority	Budgetary Expenditures	Variance
December 31, 2008	\$74,000	\$86,615	(\$12,615)
December 31, 2009	111,982	122,737	(10,755)

We recommend the Clerk-Treasurer and Village Council review and amend appropriations whenever necessary to reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

FINDING NUMBER 2009-003

Monitoring Controls by Council and Financial Reporting - Material Weakness

Sound accounting procedures require there to be adequate segregation of duties and monitoring procedures performed by management. Sound financial reporting is the responsibility of the Clerk-Treasurer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Clerk-Treasurer performs most accounting functions. It is therefore important that Council monitor financial activity closely. In addition to the fund adjustments disclosed in Finding Number 2009-001 the following deficiencies were noted in the reporting of the Village's financial activity:

- In 2009 and 2008 seven posting errors to revenues in amounts ranging from \$636 to \$90,619 required reclassification to intergovernmental revenues.
- In 2008 on-behalf payment in the amount of \$20,245 made by the Ohio Public Works Commission for the Village required adjustment to the financial statements.
- Budgeted receipts posted to the Village's accounting system exceeded the amended certificate of estimated resources in the following funds and amounts in 2009: General (\$540,822), Street Construction, Maintenance and Repair (\$41,965), Street Lighting (\$10,000), Sewer (\$42,235), Sewer Capital (\$9,150) and Water Debt (\$4,550); and in 2008: Street Lighting (\$5,000), Water Debt (\$11,022)
- In 2009 and 2008 appropriations posted to the Village's accounting system exceeded the adopted appropriation resolution in the Water Debt fund in the amounts of \$11,000 and \$15,952, respectively.

The accompanying financial statements, budgetary disclosures and the Village's accounting records were adjusted to reflect the proper amounts.

These weaknesses allowed reporting errors in receipts provided to Council. In addition, inaccurate budgetary information could hinder Council's ability to monitor the Village's financial condition when reviewing budgetary reports. To strengthen the monitoring over the Village's financial condition and ensure that the financial statements are complete and accurate we recommend, the Village should adopt

policies and procedures, including a review of the financial records and a final review of the statements by the Clerk-Treasurer and Village Council. In addition, the Village should review Auditor of State Bulletin 2000-008 Accounting for Cash Basis Local Governments' Participation in On-behalf Grants or Improvement Projects.

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

**VILLAGE OF GRAND RAPIDS
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.10(D), Proper posting of revenues.	No	Re-issued as finding 2009-001 in this report.
2007-002	Ohio Rev. Code Section 5705.41(D), Encumbrance of expenditures.	Yes	
2007-003	Monitoring Controls by Council	No	Re-issued as finding 2009-003 in this report.



Mary Taylor, CPA
Auditor of State

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
MARCH 18, 2010**