

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**Rea & Associates, Inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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Members of Council  
Village of Chippewa Lake  
Medina, County, Ohio

We have reviewed the Independent Auditor's Report of the Village of Chippewa Lake, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Chippewa Lake is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a horizontal line.

**JIM PETRO**  
Auditor of State

July 10, 2000

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**Rea & Associates, Inc.**

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 21, 2000

To the Members of Council  
Village of Chippewa Lake  
Medina County, Ohio

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Village of Chippewa Lake, Medina County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Village of Chippewa Lake'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 the 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 described in Note 1, the Village prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, 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 cash balances of the Village of Chippewa Lake, Medina County, as of December 31, 1999 and 1998, and the 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 a report dated June 21, 2000 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.

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

*Rea & Associates, Inc.*

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Expendable Trust	Total (Memorandum Only)
<b>CASH RECEIPTS</b>				
Taxes	\$ 96,836	\$ 0	\$ 0	\$ 96,836
Intergovernmental	63,851	93,849	0	157,700
Fines, Licenses, and Permits	6,657	0	0	6,657
Miscellaneous	13,245	0	165	13,410
<b>Total Cash Receipts</b>	<b>180,589</b>	<b>93,849</b>	<b>165</b>	<b>274,603</b>
<b>CASH DISBURSEMENTS</b>				
Current:				
Security of Persons and Property	42,648	28,891	0	71,539
Leisure time Activities	0	0	1,224	1,224
Community Environment	23,810	0	0	23,810
Basic Utility Services	5,867	0	0	5,867
Transportation	8,952	42,290	0	51,242
General Government	47,972	0	0	47,972
<b>Total Cash Disbursements</b>	<b>129,249</b>	<b>71,181</b>	<b>1,224</b>	<b>201,654</b>
Total Receipts Over (Under) Disbursements	51,340	22,668	(1,059)	72,949
<b>OTHER FINANCING SOURCES (USES)</b>				
Advances In	11,704	0	0	11,704
Advances Out	0	(11,704)	0	(11,704)
<b>Total Other Financing Sources (Uses)</b>	<b>11,704</b>	<b>(11,704)</b>	<b>0</b>	<b>0</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	63,044	10,964	(1,059)	72,949
Fund cash balances, beginning of year	16,310	68,769	5,275	90,354
<b>Fund cash balances, end of year</b>	<b>\$ 79,354</b>	<b>\$ 79,733</b>	<b>\$ 4,216</b>	<b>\$ 163,303</b>

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

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	Expendable Trust	Total (Memorandum Only)
<b>CASH RECEIPTS</b>				
Taxes	\$ 22,499	\$ 0	\$ 0	\$ 22,499
Intergovernmental	62,795	59,547	0	122,342
Fines, Licenses, and Permits	6,541	0	0	6,541
Miscellaneous	15,525	670	391	16,586
<b>Total Cash Receipts</b>	<b>107,360</b>	<b>60,217</b>	<b>391</b>	<b>167,968</b>
<b>CASH DISBURSEMENTS</b>				
Current:				
Security of Persons and Property	35,720	50,729	0	86,449
Leisure time Activities	11,031	0	877	11,908
Community Environment	7,447	0	0	7,447
Basic Utility Services	3,113	0	0	3,113
Transportation	0	37,909	0	37,909
General Government	44,532	0	0	44,532
<b>Total Cash Disbursements</b>	<b>101,843</b>	<b>88,638</b>	<b>877</b>	<b>191,358</b>
Total Receipts Over (Under) Disbursements	5,517	(28,421)	(486)	(23,390)
<b>OTHER FINANCING SOURCES (USES)</b>				
Advances In	0	11,704	0	11,704
Advances Out	(11,704)	0	0	(11,704)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,704)</b>	<b>11,704</b>	<b>0</b>	<b>0</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(6,187)	(16,717)	(486)	(23,390)
Fund cash balances, beginning of year	22,497	85,486	5,761	113,744
<b>Fund cash balances, end of year</b>	<b>\$ 16,310</b>	<b>\$ 68,769</b>	<b>\$ 5,275</b>	<b>\$ 90,354</b>

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

VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Chippewa Lake, Medina County, is a body political and corporate 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 park operations (leisure time activities), road maintenance, and police services.

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. 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:

**GOVERNMENTAL FUND 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**

The Special Revenue 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 taxes and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Police Fund – this fund receives monies from a special police levy to provide for security of persons and property.

COPS FAST Grant Fund – this fund receives federal and state grant money to provide additional police services.



VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Fund Accounting (continued)**

Universal Hiring Policing Grant Fund – this fund receives state grant money to provide additional policing services.

**Fiduciary Funds (Trust)**

The 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 Non-Expendable Trust Fund. Other trust funds are classified as Expendable. The Village had the following Expendable Trust fund:

Pochedley Trust Fund – this fund receives interest distributions for the development and maintenance of the Village park and grounds.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund 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 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.

The Village's General Fund disbursements exceeded appropriations by \$10,447 for the year ended December 31, 1998.

**Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

**F. Unpaid Vacation and Sick Leave**

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

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**NOTE 2: EQUITY IN POOLED CASH**

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:

	1999	1998
Deposits	\$ 163,303	\$ 90,354

**Deposits**

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

**NOTE 3: BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

**Budgeted vs. Actual Receipts**

	1999			1998		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 134,594	\$ 192,293	\$ 57,699	\$ 79,838	\$ 107,360	\$ 27,522
Special Revenue	70,540	93,849	23,309	102,229	71,921	(30,308)
Debt Service	0	0	0	3,000	0	(3,000)
Trust	150	165	15	500	391	(109)
Total	\$ 205,284	\$ 286,307	\$ 81,023	\$ 185,567	\$ 179,672	\$ (5,895)

**Budgeted vs. Actual Disbursements**

	1999			1998		
	Budgeted Disbursements	Actual Disbursements	Variance	Budgeted Disbursements	Actual Disbursements	Variance
General	\$ 160,300	\$ 129,249	\$ 31,051	\$ 103,100	\$ 113,547	\$ (10,447)
Special Revenue	139,308	82,885	56,423	153,348	88,638	64,710
Trust	5,400	1,224	4,176	5,000	877	4,123
Total	\$ 305,008	\$ 213,358	\$ 91,650	\$ 261,448	\$ 203,062	\$ 58,386

VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998

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**NOTE 4: PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village of Chippewa Lake. 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 taxes 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 taxes 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.

**NOTE 5: RETIREMENT SYSTEMS**

**Public Employees Retirement System**

The Board of Trustees, Village Clerk, and other employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**Police and Firemen's Disability and Pension (PFDPF)**

The Village of Chippewa Lake contributes to the Police and Firemen's Disability and Pension Fund (PFDPF), a cost sharing multiple employer defined pension plan. PFDPF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and codified in Chapter 742 of the Ohio Revised Code. The PFDPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to PFDPF, 140 East Town Street, Columbus, Ohio 43215-5164.

**VILLAGE OF CHIPPEWA LAKE  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

**NOTE 5: RETIREMENT SYSTEMS (continued)**

*Police and Firemen's Disability and Pension (PFDF) (continued)*

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers. The Village has paid all contributions required through December 31, 1999.

**NOTE 6: RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Errors and omissions

**NOTE 7: MERGER**

The Village of Briarwood Beach merged with the Village of Chippewa-On-The-Lake on January 1, 1998. The Villages of Chippewa-On-The-Lake and Briarwood Beach ceased to exist, and a new village, the Village of Chippewa Lake was formed. The merger was approved by a majority of voters in both villages on the November 1996 ballot.

The following summarizes the January 1, 1998 cash balances for the respective Villages:

	General Fund	Special Revenue	Expendable Trust	Total
Chippewa-On-The-Lake	\$ 19,317	\$ 23,961	\$ 0	\$ 43,278
Briarwood Beach	3,180	61,525	5,761	70,466
	<u>\$ 22,497</u>	<u>\$ 85,486</u>	<u>\$ 5,761</u>	<u>\$ 113,744</u>

June 21, 2000

To the Members of Council  
Village of Chippewa Lake  
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Village of Chippewa Lake, Medina County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 21, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 of Chippewa Lake 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 of Chippewa Lake in a separate letter dated June 21, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village of Chippewa Lake'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 weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village of Chippewa Lake in a separate letter dated June 21, 2000.

This report is intended for the information of the Board of Trustees, management, and others within the organization, and it is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*



STATE OF OHIO  
OFFICE OF THE AUDITOR

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VILLAGE OF CHIPPEWA LAKE

MEDINA 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.

By: Susan Babbitt

Date: AUG 17 2000