



**Auditor of State  
Betty Montgomery**



**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

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**Auditor of State  
Betty Montgomery**

## **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 the Village of Grand Rapids, Wood County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 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. 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.

The Village's financial transactions were processed using 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 conduct the audit of 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 that our audit provides a reasonable basis for our opinion.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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, 2003 and 2002, 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 October 25, 2004 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 audits.

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 26, 2004

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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, 2003**

	Governmental Fund Types	
	General	Special Revenue
<b>Cash Receipts:</b>		
Property Tax and Other Local Taxes	\$ 33,618	\$ 34,924
Special Assessments	16,947	13,514
Intergovernmental Receipts	47,037	37,137
Charges for Services		
Fines, Licenses, and Permits	4,934	
Earnings on Investments	11,121	
Miscellaneous	17,599	
Total Cash Receipts	131,256	85,575
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	61,101	30,499
Public Health Services	1,032	
Leisure Time Activities	17,578	
Community Environment	1,795	
Basic Utility Services	8,614	
Transportation	57,071	27,200
General Government	95,476	
Debt Service:		
Principal Payments	6,547	
Interest Payments	1,453	
Capital Outlay	240,857	115,347
Total Cash Disbursements	491,524	173,046
Total Cash Receipts Over/(Under) Cash Disbursements	(360,268)	(87,471)
<b>Other Financing Receipts and (Disbursements):</b>		
Sale of Bonds or Notes	110,000	20,000
Transfers-In	132,784	
Transfers-Out	(11,121)	
Total Other Financing Receipts/(Disbursements)	231,663	20,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(128,605)	(67,471)
Fund Cash Balances, January 1	341,432	123,012
<b>Fund Cash Balances, December 31</b>	<b>\$ 212,827</b>	<b>\$ 55,541</b>
Reserves for Encumbrances, December 31	\$ 5,748	\$ 223

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Agency	
\$ 28,450		\$ 200,253	\$ 268,795
38,748			58,911
			84,174
			38,748
			4,934
			11,121
			17,599
<u>67,198</u>		<u>200,253</u>	<u>484,282</u>
			91,600
			1,032
			17,578
			1,795
			8,614
			84,271
		22,626	118,102
97,969			104,516
26,548			28,001
	\$ 94,482		450,686
<u>124,517</u>	<u>94,482</u>	<u>22,626</u>	<u>906,195</u>
<u>(57,319)</u>	<u>(94,482)</u>	<u>177,627</u>	<u>(421,913)</u>
			130,000
68,721	44,262		245,767
		(177,046)	(188,167)
<u>68,721</u>	<u>44,262</u>	<u>(177,046)</u>	<u>187,600</u>
11,402	(50,220)	581	(234,313)
368,821	194,693		1,027,958
<u>\$ 380,223</u>	<u>\$ 144,473</u>	<u>\$ 581</u>	<u>\$ 793,645</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ 6,146</u>

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**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 335,952
Total Operating Cash Receipts	335,952
<b>Operating Cash Disbursements:</b>	
Personal Services	72,901
Fringe Benefits	30,353
Supplies and Materials	231,714
Capital Outlay	960
Total Operating Cash Disbursements	335,928
Operating Income	24
Transfers-Out	(57,600)
Net Disbursements Over Receipts	(57,576)
Fund Cash Balances, January 1	182,449
<b>Fund Cash Balances, December 31</b>	<b>\$ 124,873</b>
Reserve for Encumbrances, December 31	\$ 447

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, 2002**

	Governmental Fund Types	
	General	Special Revenue
<b>Cash Receipts:</b>		
Property Tax and Other Local Taxes	\$ 30,759	\$ 22,319
Special Assessments		13,062
Intergovernmental Receipts	59,357	51,010
Charges for Services		
Fines, Licenses, and Permits	3,420	
Earnings on Investments	37,510	
Miscellaneous	14,695	
Total Cash Receipts	145,741	86,391
<b>Cash Disbursements:</b>		
Current:		
Security of Persons and Property	59,617	9,405
Public Health Services	915	
Leisure Time Activities	14,274	
Community Environment	1,674	
Basic Utility Services	6,931	
Transportation	21,537	25,181
General Government	92,522	
Debt Service:		
Principal Payments		
Interest Payments		
Capital Outlay	67,354	3,256
Total Cash Disbursements	264,824	37,842
Total Cash Receipts Over/(Under) Cash Disbursements	(119,083)	48,549
<b>Other Financing Receipts and (Disbursements):</b>		
Transfers-In	135,372	
Transfers-Out	(37,510)	
Total Other Financing Receipts/(Disbursements)	97,862	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,221)	48,549
Fund Cash Balances, January 1	362,653	74,463
<b>Fund Cash Balances, December 31</b>	<b>\$ 341,432</b>	<b>\$ 123,012</b>
Reserves for Encumbrances, December 31	\$ 3,550	

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Agency	
\$ 27,293		\$ 201,778	\$ 254,856
			40,355
			110,367
54,650			54,650
			3,420
			37,510
			14,695
<u>81,943</u>		<u>201,778</u>	<u>515,853</u>
			69,022
			915
			14,274
			1,674
			6,931
			46,718
		21,282	113,804
97,500			97,500
27,025			27,025
	\$ 19,551		90,161
<u>124,525</u>	<u>19,551</u>	<u>21,282</u>	<u>468,024</u>
<u>(42,582)</u>	<u>(19,551)</u>	<u>180,496</u>	<u>47,829</u>
101,110	45,124		281,606
		(180,496)	(218,006)
<u>101,110</u>	<u>45,124</u>	<u>(180,496)</u>	<u>63,600</u>
58,528	25,573		111,429
310,293	169,120		916,529
<u>\$ 368,821</u>	<u>\$ 194,693</u>		<u>\$ 1,027,958</u>
	\$ 15,340		\$ 18,890

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 356,195
Total Operating Cash Receipts	356,195
<b>Operating Cash Disbursements:</b>	
Personal Services	63,457
Fringe Benefits	27,671
Supplies and Materials	232,387
Capital Outlay	1,000
Total Operating Cash Disbursements	324,515
Operating Income	31,680
Transfers-Out	(63,600)
Net Disbursements Over Receipts	(31,920)
Fund Cash Balances, January 1	214,369
<b>Fund Cash Balances, December 31</b>	<b>\$ 182,449</b>
Reserve for Encumbrances, December 31	\$ -

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, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Grand Rapids, Wood 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. The Village is directed by a publicly-elected six-member Council. 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'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 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:

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**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 Funds:

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

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

Street Light Fund - This fund receives revenues from a special levy for the purposes of providing lighting and completion of the downtown street light replacement.

**3. Debt Service Funds**

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:



**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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

Water Capital Improvement Fund - This fund receives revenue from water taps for the purpose of water line construction project.

**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 Rental 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 agency fund:

Income Tax Fund - This fund receives proceeds of the Village income tax.

**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

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

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 2003 and 2002 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, 2003 AND 2002  
(Continued)

	2003	2002
Demand deposits	\$ 418,518	\$ 710,407
Certificates of deposit	100,051	
Total deposits	518,569	710,407
U.S. Government Securities	376,617	473,531
Mutual funds	23,332	26,469
Total investments	399,949	500,000
Total deposits and investments	\$ 918,518	\$ 1,210,407

**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. Government Securities 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 324,519	\$ 374,040	\$ 49,521
Special Revenue	97,500	105,575	8,075
Debt Service	108,000	135,919	27,919
Capital Projects	90,000	44,262	(45,738)
Enterprise	333,080	335,952	2,872
Fiduciary	225,000	200,253	(24,747)
Total	\$ 1,178,099	\$ 1,196,001	\$ 17,902

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 640,660	\$ 508,393	\$ 132,267
Special Revenue	206,000	173,269	32,731
Debt Service	131,712	124,517	7,195
Capital Projects	265,340	94,482	170,858
Enterprise	512,600	393,975	118,625
Fiduciary	222,900	199,847	23,053
Total	<u>\$ 1,979,212</u>	<u>\$ 1,494,483</u>	<u>\$ 484,729</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 362,148	\$ 281,113	\$ (81,035)
Special Revenue	67,065	86,391	19,326
Debt Service	168,000	183,053	15,053
Capital Projects	110,000	45,124	(64,876)
Enterprise	333,080	356,195	23,115
Fiduciary	225,000	201,778	(23,222)
Total	<u>\$ 1,265,293</u>	<u>\$ 1,153,654</u>	<u>\$ (111,639)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 541,318	\$ 305,884	\$ 235,434
Special Revenue	128,021	37,842	90,179
Debt Service	130,000	124,525	5,475
Capital Projects	250,000	34,891	215,109
Enterprise	501,658	388,115	113,543
Fiduciary	224,905	201,778	23,127
Total	<u>\$ 1,775,902</u>	<u>\$ 1,093,035</u>	<u>\$ 682,867</u>

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**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.

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 \$10,105 in 2003 and \$8,380 in 2002.

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 831,898	2.00%
General Obligation Notes	123,453	3.00%
Total	\$ 955,351	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer 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 01/01/17. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Note relates to a sidewalk, street light, and paving project received in 2003. Principal balance of the General Obligation Note is rolled over annually into a new note. The note is collateralized by an investment account with UBS Financial Services, Inc. with a carrying book value of \$500,000. The Village Council has approved to pay \$4,000 per month from General Fund revenues until the debt is extinguished.

Amortization of the OWDA Loan, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loan
2004	\$ 73,304
2005	73,304
2006	73,304
2007	73,304
2008	73,304
2009 – 2013	366,520
2014 – 2016	219,912
Total	\$ 952,952

**7. RETIREMENT SYSTEMS**

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF GRAND RAPIDS  
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverage, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a 5 percent portion the Plan retains. With policies effective September 1, 2003 and after, the Plan pays the lesser of 5 percent or \$25,000 for casualty losses up to the coverage limit and the lesser of 5 percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2003</u>	<u>2002</u>
Assets	\$ 5,402,167	\$ 5,584,592
Liabilities	<u>(1,871,123)</u>	<u>(2,441,793)</u>
Members' Equity	<u>\$ 3,531,044</u>	<u>\$ 3,142,799</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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 financial statements of the Village of Grand Rapids, Wood County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 26, 2004 wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 tested its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated October 26, 2004.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting 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 the Village's management in a separate letter dated October 26, 2004.

This report is intended 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.



**Betty Montgomery**  
Auditor of State

October 26, 2004



**Auditor of State  
Betty Montgomery**

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  
NOVEMBER 16, 2004**