



Dave Yost • Auditor of State

VILLAGE OF GENEVA-ON-THE-LAKE
ASHTABULA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Geneva-on-the-Lake
Ashtabula County
4929 South Warner Drive
Geneva, Ohio 44041

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Geneva-on-the-Lake, Ashtabula County, Ohio, (the Village) as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Geneva-on-the-Lake, Ashtabula County, Ohio as of December 31, 2016, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Federal Awards Expenditures Schedule presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2017

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Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$227,247	\$251,127	\$48,616		\$526,990
Municipal Income Tax	240,001				240,001
Intergovernmental	58,975	115,305	5,345	\$15,135	194,760
Special Assessments	1,023	50,595	12,774		64,392
Charges for Services	25,247				25,247
Fines, Licenses and Permits	72,345	2,885			75,230
Earnings on Investments	2,523	42			2,565
Miscellaneous	7,526	685			8,211
<i>Total Cash Receipts</i>	<u>634,887</u>	<u>420,639</u>	<u>66,735</u>	<u>15,135</u>	<u>1,137,396</u>
Cash Disbursements					
Current:					
Security of Persons and Property	252,164	260,842			513,006
Public Health Services		5,216			5,216
Transportation		119,230			119,230
General Government	248,611	1,966		388	250,965
Capital Outlay	7,284	15,050	1,308	90,635	114,277
Debt Service:					
Principal Retirement	32,707	5,709	79,501		117,917
Interest and Fiscal Charges	1,885	332	41,231		43,448
<i>Total Cash Disbursements</i>	<u>542,651</u>	<u>408,345</u>	<u>122,040</u>	<u>91,023</u>	<u>1,164,059</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>92,236</u>	<u>12,294</u>	<u>(55,305)</u>	<u>(75,888)</u>	<u>(26,663)</u>
Other Financing Receipts (Disbursements)					
Debt Proceeds				75,500	75,500
Transfers In		1,300	55,500		56,800
Transfers Out	(56,800)				(56,800)
Advances In	119,165			15,135	134,300
Advances Out	(137,165)			(15,135)	(152,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(74,800)</u>	<u>1,300</u>	<u>55,500</u>	<u>75,500</u>	<u>57,500</u>
<i>Net Change in Fund Cash Balances</i>	17,436	13,594	195	(388)	30,837
<i>Fund Cash Balances, January 1</i>	<u>48,131</u>	<u>185,646</u>	<u>81,198</u>	<u>6,568</u>	<u>321,543</u>
Fund Cash Balances, December 31					
Restricted		199,240	81,393		280,633
Committed				6,180	6,180
Assigned	60,726				60,726
Unassigned	4,841				4,841
<i>Fund Cash Balances, December 31</i>	<u>\$65,567</u>	<u>\$199,240</u>	<u>\$81,393</u>	<u>\$6,180</u>	<u>\$352,380</u>

See accompanying notes to the basic financial statements

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$719,640	\$23,413	\$743,053
Fines, Licenses and Permits		18,676	18,676
Miscellaneous	106,969		106,969
<i>Total Operating Cash Receipts</i>	<u>826,609</u>	<u>42,089</u>	<u>868,698</u>
Operating Cash Disbursements			
Personal Services	219,253		219,253
Employee Fringe Benefits	62,832		62,832
Contractual Services	483,370		483,370
Supplies and Materials	212,461		212,461
Other	41,909	18,689	60,598
<i>Total Operating Cash Disbursements</i>	<u>1,019,825</u>	<u>18,689</u>	<u>1,038,514</u>
<i>Operating Income (Loss)</i>	<u>(193,216)</u>	<u>23,400</u>	<u>(169,816)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	136,503		136,503
Intergovernmental	1,004,488		1,004,488
Special Assessments	5,217		5,217
Earnings on Investments	101		101
Sale of Bonds	1,562,670		1,562,670
Sale of Notes	111,463		111,463
Other Debt Proceeds	1,278,003		1,278,003
Miscellaneous Receipts	26,216		26,216
Capital Outlay	(3,722,796)		(3,722,796)
Principal Retirement	(55,310)		(55,310)
Interest and Other Fiscal Charges	(6,308)		(6,308)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>340,247</u>		<u>340,247</u>
<i>Income before Advances</i>	147,031	23,400	170,431
Advances In	122,030		122,030
Advances Out	(104,030)		(104,030)
<i>Net Change in Fund Cash Balances</i>	165,031	23,400	188,431
<i>Fund Cash Balances, January 1</i>	<u>406,139</u>		<u>406,139</u>
<i>Fund Cash Balances, December 31</i>	<u>\$571,170</u>	<u>\$23,400</u>	<u>\$594,570</u>

See accompanying notes to the basic financial statements

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Geneva-on-the-Lake, Ashtabula County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, sewer services, recreation and security of persons and property.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 property tax for repairs/maintenance of streets.

Fire Levy Fund - This fund receives property tax for operating the Village fire department.

Police Levy Fund - This fund receives property tax for operating the Village police department.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund receives proceeds from property and local taxes to repay a bond due to the construction of new safety center.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Other Capital Projects – Streets Fund – This fund receives proceeds from several state grants to construct improvements to the Village’s streets.

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:

Park Fund - This fund receives charges for services from customers to operate the municipal golf course.

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

Sanitation Fund – This fund receives charges for services from residents to cover trash removal.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. The Village does not have any private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village’s agency funds account for deposits and mayor’s court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2016 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$628,524	\$634,887	\$6,363
Special Revenue	395,317	421,939	26,622
Debt Service	114,164	122,235	8,071
Capital Projects	90,635	90,635	
Enterprise	8,284,037	4,951,270	(3,332,767)
Total	\$9,512,677	\$6,220,966	(\$3,291,711)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$658,475	\$605,679	\$52,796
Special Revenue	423,564	411,897	11,667
Debt Service	122,472	122,040	432
Capital Projects	91,023	91,023	
Enterprise	7,846,128	7,792,502	53,626
Total	\$9,141,662	\$9,023,141	\$118,521

Note 4 – 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:

Demand deposits	\$459,077
STAR Ohio	<u>487,873</u>
Total deposits and investments	<u>\$946,950</u>

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

Investments - Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – Taxes

Property Taxes

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.5 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. All taxes are collected through the Central Collection Agency (CCA).

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2016, consisted of \$97,030 advanced to Park funds to provide working capital for operations.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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.

OPRM coverage programs 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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 equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

Ohio Police and Fire Retirement System

All Village full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Some Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$181,335	2.50 - 4.38%
General Obligation Bonds	\$1,034,700	3.13 - 4.38%
OPWC Loans	689,050	0%
OWDA Loans	150,085	2.20 - 4.49%
OWDA Bond	3,017,398	0%
Total	\$5,072,568	

The Ohio Water Development Authority (OWDA) bond and loans relates to wastewater treatment plant projects mandated the Ohio Environmental Protection Agency. The total cost of improvements started in 2016 is estimated at \$7,285,475; the Village will receive \$2,768,077 in principal forgiveness. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. The Village will repay the loans in semiannual installments up to 30 years. The bond and loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Project is expected to be completed in 2017.

The Ohio Public Works Commission (OPWC) loan was for related to substantial repairs and improvements to the wastewater treatment plant. The loans will be paid over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The General Obligation Notes relate to notes issued in 2015 for the purchase of police cruisers, new equipment for police department and for road repairs. The notes are collateralized by the Village's taxing authority.

The General Obligation Bonds relate to improvements made to the municipal golf course and for the construction of the Village's Municipal Center. These bonds are collateralized by the Village's taxing authority.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt - (Continued)

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans/Bonds	General Obligation Bonds	General Obligation Notes
2017	\$31,267	\$69,871	\$99,455	\$38,636
2018	31,267	120,160	98,194	48,139
2019	31,267	120,161	101,817	34,857
2020	31,267	120,161	100,480	23,888
2021	31,267	120,161	98,986	23,888
2022-2026	117,199	480,643	405,867	23,888
2027-2031	122,628	512,690	281,936	
2032-2036	109,561	502,900	180,924	
2037-2041	83,335	502,900		
2042-2046	83,335	502,900		
2047-2050	16,657	150,870		
Total	<u>\$689,050</u>	<u>\$3,203,417</u>	<u>\$1,367,659</u>	<u>\$193,296</u>

Note 11 – Construction and Contractual Commitments

At December 31, 2016, the Village had \$2,931,976 in outstanding contractual commitments related to the construction of new Waste Water Treatment Plant.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Management believes there are no pending claims or lawsuits.

Note 13 – Joint Agreements

In March, 2005, the Village entered into an agreement with the City of Geneva and Ashtabula County to share the cost of upgrading the wastewater treatment sewer outfall. To finance the project, the Village obtained both grants and issued new debt. Both the City and County agreed to pay 40% each of the total debt repayment on a reimbursement basis over at least twenty years.

**VILLAGE OF GENEVA-ON-THE-LAKE
ASHTABULA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2016**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY <i>Passed Through Ohio Department of Environmental Protection Agency</i>		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$2,840,673
Total U.S. Department of Environmental Protection Agency		<u>2,840,673</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT <i>Passed Through Ohio Department of Development Services Agency</i>		
Community Development Block Grant Program	14.228	500,000
Total U.S. Department of Housing and Urban Development		<u>500,000</u>
Total Expenditures of Federal Awards		<u><u>\$3,340,673</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF GENEVA-ON-THE-LAKE
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Expenditures Schedule (the Schedule) includes the federal award activity of the Village of Geneva-on-the-Lake, Ashtabula County, Ohio, (the Village) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Geneva-on-the-Lake
Ashtabula County
4929 South Warner Driver
Geneva, Ohio 44041

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Geneva-on-the-Lake, Ashtabula County, Ohio (the Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated September 15, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Geneva-on-the-Lake
Ashtabula County
4929 South Warner Drive
Geneva, Ohio 44041

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Geneva-on-the-Lake's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village of Geneva-on-the-Lake's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Geneva-on-the-Lake, Ashtabula County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 15, 2017

**VILLAGE OF GENEVA-ON-THE-LAKE
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis.
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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VILLAGE OF GENEVA ON THE LAKE

ASHTABULA 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
SEPTEMBER 28, 2017