



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF GENEVA-ON-THE-LAKE
ASHTABULA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Geneva-on-the-Lake
Ashtabula County
4929 S. 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 years ended December 31, 2018 and 2017.

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 such 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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Geneva on the Lake, Ashtabula County as of December 31, 2018 and 2017, for the years 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.

Emphasis of Matter

As discussed in Note 3 to the 2017 financial statements, the Village restated its Special Revenue Funds and Enterprise Funds' fund balances for fund-type reclassifications. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

October 23, 2019

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Village of Geneva-on-the-Lake
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$243,515	\$401,100	\$52,594		\$697,209
Municipal Income Tax	250,082				250,082
Intergovernmental	58,198	142,262	6,095	48,017	254,572
Special Assessments	258	44,286	17,582		62,126
Charges for Services	26,460				26,460
Fines, Licenses and Permits	72,880	2,719			75,599
Earnings on Investments	14,273	250			14,523
Miscellaneous	10,375	20,114			30,489
<i>Total Cash Receipts</i>	<u>676,041</u>	<u>610,731</u>	<u>76,271</u>	<u>48,017</u>	<u>1,411,060</u>
Cash Disbursements					
Current:					
Security of Persons and Property	299,477	316,867			616,344
Public Health Services		5,685			5,685
Leisure time Activities		121,206			121,206
Transportation		117,912	137		118,049
General Government	236,687	37,929			274,616
Capital Outlay	6,782	72,608	1,129	53,058	133,577
Debt Service:					
Principal Retirement	23,774	22,032	68,512		114,318
Interest and Fiscal Charges	1,169	3,506	36,211		40,886
<i>Total Cash Disbursements</i>	<u>567,889</u>	<u>697,745</u>	<u>105,989</u>	<u>53,058</u>	<u>1,424,681</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>108,152</u>	<u>(87,014)</u>	<u>(29,718)</u>	<u>(5,041)</u>	<u>(13,621)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	57,500				57,500
Transfers In		1,000	53,000		54,000
Transfers Out	(209,330)				(209,330)
Advances In	184,179	13,747		15,102	213,028
Advances Out	(57,149)	(13,747)		(15,102)	(85,998)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(24,800)</u>	<u>1,000</u>	<u>53,000</u>	<u>0</u>	<u>29,200</u>
<i>Net Change in Fund Cash Balances</i>	83,352	(86,014)	23,282	(5,041)	15,579
<i>Fund Cash Balances, January 1</i>	<u>60,477</u>	<u>314,114</u>	<u>88,857</u>	<u>6,180</u>	<u>469,628</u>
Fund Cash Balances, December 31					
Restricted		228,100	112,139		340,239
Committed				1,139	1,139
Assigned	121,778				121,778
Unassigned (Deficit)	22,051				22,051
<i>Fund Cash Balances, December 31</i>	<u>\$143,829</u>	<u>\$228,100</u>	<u>\$112,139</u>	<u>\$1,139</u>	<u>\$485,207</u>

See accompanying notes to the basic financial statements

Village of Geneva-on-the-Lake
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$729,600		\$729,600
Fines, Licenses and Permits		\$16,698	16,698
Miscellaneous	106,805		106,805
<i>Total Operating Cash Receipts</i>	<u>836,405</u>	<u>16,698</u>	<u>853,103</u>
Operating Cash Disbursements			
Personal Services	230,619		230,619
Employee Fringe Benefits	64,624		64,624
Contractual Services	432,631		432,631
Supplies and Materials	132,323		132,323
Other	15,189	16,698	31,887
<i>Total Operating Cash Disbursements</i>	<u>875,386</u>	<u>16,698</u>	<u>892,084</u>
<i>Operating Income (Loss)</i>	<u>(38,981)</u>	<u>0</u>	<u>(38,981)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	22,134		22,134
Intergovernmental	60,853		60,853
Special Assessments	2,983		2,983
Earnings on Investments	564		564
Sale of Bonds	400,243		400,243
Sale of Notes	185,341		185,341
Miscellaneous Receipts	61,053		61,053
Capital Outlay	(487,654)		(487,654)
Payment of Capital Appreciation Bond Accretion	(134,061)		(134,061)
Discount on Debt	(5,610)		(5,610)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>105,846</u>	<u>0</u>	<u>105,846</u>
<i>Income (Loss) before Transfers and Advances</i>	66,865	0	66,865
Transfers In	155,330		155,330
Advances In	28,300		28,300
Advances Out	(155,330)		(155,330)
<i>Net Change in Fund Cash Balances</i>	95,165	0	95,165
<i>Fund Cash Balances, January 1</i>	<u>448,427</u>	<u>0</u>	<u>448,427</u>
<i>Fund Cash Balances, December 31</i>	<u>\$543,592</u>	<u>\$0</u>	<u>\$543,592</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, 2018

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 funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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.

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 funds:

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

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Other Capital Projects – Park Fund – This fund receives proceeds from state and federal grants for park improvements.

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 included 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 governments. 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 the 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) permits.

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 control 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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

A summary of 2018 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 a 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.

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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

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.

Note 3 - Budgetary Activity

Budgetary activity for the years ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$719,438	\$733,540	\$14,102
Special Revenue	607,334	611,730	4,396
Debt Service	129,272	129,272	0
Capital Projects	67,490	48,017	(19,473)
Enterprise	1,914,211	1,724,906	(189,306)
Total	\$3,437,745	\$3,247,464	(\$190,281)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$862,805	\$839,055	\$23,750
Special Revenue	735,428	703,229	32,200
Debt Service	110,411	105,989	4,421
Capital Projects	73,670	72,633	1,037
Enterprise	1,850,396	1,653,871	196,525
Total	\$3,632,710	\$3,374,778	\$257,932

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool for all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2018 was as follows:

Demand Deposits	\$259,672
Star Ohio	<u>769,127</u>
Total Deposits & Investments	\$1,028,799

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (Continued)

Deposits - Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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) or Ohio Department of Taxation.

Note 6 – 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 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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management (Continued)

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, 2016 the plan retained 50% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 and 762 members as of December 31, 2017 and 2016 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 years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members' equity at December 31, 2017 and 2016 (the latest information available).

	<u>2017</u>	<u>2016</u>
Assets	\$14,853,620	\$14,765,712
Liabilities	(\$9,561,108)	(\$9,531,506)
Members' Equity	<u>\$5,292,512</u>	<u>\$5,234,206</u>

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

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. The rate is calculated based on accident history and administrative cost (if material).

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – 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 contributes an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 gross wages. The Village contributed to OP&F an amount equaling 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Some Village employees contribute 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 the participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost sharing, multi-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 reimbursement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$170,063	2.50 - 3.00%
General Obligation Bonds	911,200	3.13 - 4.38%
OPWC Loans	759,371	0.00%
OWDA Loans	116,506	0.00 - 4.49%
OWDA Bond	2,816,239	0.00%
Total	\$4,773,379	

The Ohio Water Development Authority (OWDA) bond and loans relates to wastewater treatment plant projects mandated by the Ohio Environmental Protection Agency. The total cost of improvements scheduled to start 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 receives a request for payment from the vendor and then submits the request to OWDA for payment. The Village does not receive or pay any funds for these projects directly from their own accounts. When the project has been completed, the loans will be added to the Village's debt schedule and 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 2019.

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 or 30 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 and for road repairs. General Obligation Notes were issued in 2017 for a new backhoe and in 2018 for the purchase of police cruisers. 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.

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
2019	\$33,755	\$119,573	\$101,817	\$57,503
2020	36,243	119,643	100,480	45,965
2021	36,243	119,716	98,986	45,317
2022	35,561	119,793	102,628	33,038
2023	34,885	119,874	101,041	0
2024-2028	155,897	551,510	393,749	0
2029-2033	145,670	502,900	180,818	0
2034-2038	111,968	502,900	90,491	0
2039-2043	85,823	502,900	0	0
2044-2048	83,327	301,740	0	0
Total	\$759,372	\$2,960,549	\$1,170,010	\$181,823

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Construction and Contractual Commitments

As of December 31, 2018 the Village had \$146,143 in outstanding contractual commitments related to the construction of new Waste Water Treatment Plant.

Note 11 – 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 12 – Joint Agreements

In 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.

Note 13 – Related Party Transaction

The Village of Geneva-on-the-Lake on behalf of the Geneva-on-the-Lake Visitor & Convention Bureau reimbursed council members or their companies for shipping charges, Constant Contact charges and Facebook promotion fees. The Village of Geneva-on-the-Lake on behalf of the Geneva-on-the-Lake Visitor & Convention Bureau issued payment to Bennett Industries for billboard artwork design and installation and the set-up and pressing of shirts for CVB sponsored event. Bennett Industries is owned and operated by the Village Mayor and total fees paid were \$1,238.

Note 14 – Subsequent Event

The Village issued a bank note on July 15, 2019 in the amount of \$48,000. The proceeds will be used for the Old Lake Road Resurfacing project; the balance of the project will be paid through the CDBG grant and the OPWC grant/loan.

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Village of Geneva-on-the-Lake
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$222,825	\$395,724	\$49,281		\$667,830
Municipal Income Tax	234,909				234,909
Intergovernmental	62,521	143,707	5,475		211,703
Special Assessments	237	51,751	6,735		58,723
Charges for Services	17,968				17,968
Fines, Licenses and Permits	76,582	3,446			80,028
Earnings on Investments	6,054	111			6,165
Miscellaneous	30,404	11,026			41,430
<i>Total Cash Receipts</i>	<u>651,500</u>	<u>605,765</u>	<u>61,491</u>	<u>0</u>	<u>1,318,756</u>
Cash Disbursements					
Current:					
Security of Persons and Property	289,214	278,509			567,723
Public Health Services		5,299			5,299
Leisure Time Activities		87,231			87,231
Transportation		118,138	358		118,496
General Government	243,957	36,540			280,497
Capital Outlay	18,893	34,701	1,185		54,779
Debt Service:					
Principal Retirement	18,964	8,434	67,441		94,839
Interest and Fiscal Charges	1,062	341	38,543		39,946
<i>Total Cash Disbursements</i>	<u>572,090</u>	<u>569,193</u>	<u>107,527</u>	<u>0</u>	<u>1,248,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>79,410</u>	<u>36,572</u>	<u>(46,036)</u>	<u>0</u>	<u>69,946</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds		25,000			25,000
Transfers In		1,000	53,500		54,500
Transfers Out	(54,500)				(54,500)
Advances In	112,030				112,030
Advances Out	(142,030)				(142,030)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(84,500)</u>	<u>26,000</u>	<u>53,500</u>	<u>0</u>	<u>(5,000)</u>
<i>Net Change in Fund Cash Balances</i>	(5,090)	62,572	7,464	0	64,946
<i>Fund Cash Balances, January 1, (restated)</i>	<u>65,567</u>	<u>251,542</u>	<u>81,393</u>	<u>6,180</u>	<u>404,682</u>
Fund Cash Balances, December 31					
Restricted		314,114	88,857		402,971
Committed				6,180	6,180
Assigned	38,477				38,477
Unassigned (Deficit)	22,000				22,000
<i>Fund Cash Balances, December 31</i>	<u>\$60,477</u>	<u>\$314,114</u>	<u>\$88,857</u>	<u>\$6,180</u>	<u>\$469,628</u>

See accompanying notes to the basic financial statements

Village of Geneva-on-the-Lake
Ashtabula County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$728,856		\$728,856
Fines, Licenses and Permits		\$25,847	25,847
Miscellaneous	106,872		106,872
<i>Total Operating Cash Receipts</i>	<u>835,728</u>	<u>25,847</u>	<u>861,575</u>
Operating Cash Disbursements			
Personal Services	227,463		227,463
Employee Fringe Benefits	59,510		59,510
Contractual Services	410,451		410,451
Supplies and Materials	111,219		111,219
Other	15,479	49,247	64,726
<i>Total Operating Cash Disbursements</i>	<u>824,122</u>	<u>49,247</u>	<u>873,369</u>
<i>Operating Income (Loss)</i>	<u>11,606</u>	<u>(23,400)</u>	<u>(11,794)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	7,266		7,266
Intergovernmental	142,160		142,160
Special Assessments	3,840		3,840
Earnings on Investments (proprietary funds only)	191		191
Sale of Bonds	753,730		753,730
Sale of Notes	286,718		286,718
Other Debt Proceeds	1,481,441		1,481,441
Miscellaneous Receipts	31,426		31,426
Capital Outlay	(2,676,011)		(2,676,011)
Principal retirement	(136,892)		(136,892)
Interest and other Fiscal Charges	(5,956)		(5,956)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(112,087)</u>	<u>0</u>	<u>(112,087)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<u>(100,481)</u>	<u>(23,400)</u>	<u>(123,881)</u>
Transfers In			0
Advances In	142,030		142,030
Advances Out	(112,030)		(112,030)
<i>Net Change in Fund Cash Balances</i>	<u>(70,481)</u>	<u>(23,400)</u>	<u>(93,881)</u>
<i>Fund Cash Balances, January 1, (restated)</i>	<u>518,908</u>	<u>23,400</u>	<u>542,308</u>
<i>Fund Cash Balances, December 31</i>	<u>\$448,427</u>	<u>\$0</u>	<u>\$448,427</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, 2017

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.

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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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 included 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 governments. 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 the 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) permits.

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 control 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 2017 budgetary activity appears in Note 4.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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 a 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.

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 or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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.

Note 3 – Restatement of Fund Balances

The Lodging Tax Revenue Funds, which were previously reported as Enterprise Funds, were reclassified to Special Revenue Funds consistent with the requirements of Governmental Accounting Standards Board Statement No. 54. This reclassification had the following effect on the fund balances previously reported.

	Special Revenue Funds	Enterprise Funds
Fund Balance - December 31, 2016	\$199,240	\$571,210
Bed Tax Revenue Reclassification	52,302	(52,302)
Fund Balance - January 1, 2017	\$251,542	\$518,908

Note 4 - Budgetary Activity

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$639,000	\$651,500	\$12,499
Special Revenue	626,637	631,765	5,128
Debt Service	114,827	114,991	165
Enterprise	4,375,350	3,542,500	(832,850)
Total	\$5,755,814	\$4,940,756	(\$815,058)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$668,461	\$631,726	\$36,735
Special Revenue	647,879	574,794	55,473
Debt Service	107,994	107,527	467
Enterprise	4,527,133	4,451,043	76,090
Total	\$5,951,467	\$5,765,088	\$186,379

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Deposits and Investments

The Village maintains a deposit and investments pool for 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	\$224,517
Star Ohio	<u>693,538</u>
Total deposits & investments	\$918,055

Deposits - Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Note 6 - 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 7 – Interfund Balances

Advances

Outstanding advances at December 31, 2017 consist of \$127,030 advanced from the General Fund 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, 2017

Note 8 – 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 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, 2016 the plan retained 50% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 and 762 members as of December 31, 2017 and 2016 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 years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members’ equity at December 31, 2017 and 2016 (the latest information available).

2017	2016
<u>\$14,853,620</u>	<u>\$14,765,712</u>
<u>(\$9,561,108)</u>	<u>(\$9,531,506)</u>
<u><u>\$5,292,512</u></u>	<u><u>\$5,234,206</u></u>

You can read the complete audited financial statements for OPRM at the Plan’s Website, www.ohioplan.prg.

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. The rate is calculated based on accident history and administrative cost (if material).

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – 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 contributes an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

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 gross wages. The Village contributed to OP&F an amount equaling 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Some Village employees contribute 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 the participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost sharing, multi-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 reimbursement, 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.

Note 11 - Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$169,682	2.50 - 4.38%
General Obligation Bonds	\$973,400	3.13 - 4.38%
OPWC Loans	674,450	0.00%
OWDA Loans	130,387	2.20 - 4.49%
OWDA Bond	2,916,818	0.00%
Total	<u>\$4,864,737</u>	

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Debt – (Continued)

The Ohio Water Development Authority (OWDA) bond and loans relates to wastewater treatment plant projects mandated by the Ohio Environmental Protection Agency. The total cost of improvements scheduled to start 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 receives a request for payment from the vendor and then submits the request to OWDA for payment. The Village does not receive or pay any funds for these projects directly from their own accounts. When the project has been completed, the loans will be added to the Village's debt schedule and 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 2019.

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. General Obligation Notes were issued in 2017 for a new backhoe.

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.

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
2018	\$22,934	\$119,505	\$98,194	\$55,318
2019	31,267	119,573	101,817	41,787
2020	31,267	119,643	100,480	30,568
2021	31,267	119,716	98,986	30,318
2022	30,585	119,793	102,628	25,068
2023-2027	136,768	570,804	449,570	0
2028-2032	120,790	502,900	226,037	0
2033-2037	94,579	502,900	90,491	0
2038-2042	83,335	502,900	0	0
2043-2047	83,335	452,610	0	0
2048-2050	8,323	0	0	0
Total	<u>\$674,450</u>	<u>\$3,130,345</u>	<u>\$1,268,203</u>	<u>\$183,059</u>

Note 12 – Construction and Contractual Commitments

As of December 31, 2017 the Village had \$632,006 in outstanding contractual commitments related to the construction of new Waste Water Treatment Plant.

Village of Geneva-on-the-Lake, Ohio
Ashtabula County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 13 – 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 14 – Joint Agreements

In 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.

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Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

**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 S. Warner Drive
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 years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 23, 2019 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 and restated its fund balances due to a fund type reclassification.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 23, 2019

OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 7, 2019**