

***VILLAGE OF GENEVA ON THE LAKE***

**ASHTABULA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2011 & 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Village Council  
Village of Geneva on the Lake  
4929 South Warner Drive  
Geneva on the Lake, Ohio 44041

We have reviewed the *Report of Independent Accountants* of the Village of Geneva on the Lake, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 8, 2012

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**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2011 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2010 .....	6
Notes to the Financial Statements .....	7 - 15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	16 17
Schedule of Prior Audit Findings .....	18

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Geneva on the Lake, Ashtabula County, Ohio (the Village), as and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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


Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserve for encumbrances as of December 31, 2010 of the Village of Geneva on the Lake, Ashtabula County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, the Village implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Charles E. Harris & Associates, Inc.**

July 23, 2012



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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 190,204	\$ 176,448	\$ 70,286	-	\$ 436,938
Municipal Income Tax	131,944	-	-	-	131,944
Intergovernmental	71,263	147,491	5,435	\$ 116,014	340,203
Special Assessments	375	375	10,340	-	11,090
Charges for Services	28,763	-	-	-	28,763
Fines, Licenses and Permits	58,365	8,301	-	-	66,666
Earnings on Investments	3,540	33	-	-	3,573
Miscellaneous	35,852	7,918	-	-	43,770
<i>Total Cash Receipts</i>	<u>520,306</u>	<u>340,566</u>	<u>86,061</u>	<u>116,014</u>	<u>1,062,947</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	279,802	197,230	-	-	477,032
Public Health Services	-	5,297	-	-	5,297
Transportation	-	127,452	-	-	127,452
General Government	178,897	3,535	1,241	-	183,673
Capital Outlay	-	11,500	-	156,389	167,889
Debt Service:					
Principal Retirement	-	-	45,615	-	45,615
Interest & Fiscal Charges	-	-	32,375	-	32,375
<i>Total Cash Disbursements</i>	<u>458,699</u>	<u>345,014</u>	<u>79,231</u>	<u>156,389</u>	<u>1,039,333</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	61,607	(4,448)	6,830	(40,375)	23,614
<b>Other Financing Receipts (Disbursements)</b>					
Advances-Out	(7,900)	-	-	-	(7,900)
Transfers-Out	(40,000)	-	-	-	(40,000)
Proceeds of Notes	-	-	-	60,000	60,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(47,900)</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>12,100</u>
<i>Net Change in Fund Cash Balances</i>	13,707	(4,448)	6,830	19,625	35,714
<i>Fund Cash Balances, January 1</i>	<u>48,321</u>	<u>180,652</u>	<u>61,054</u>	<u>4,467</u>	<u>294,494</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	176,204	67,884	24,092	268,180
Unassigned (Deficit)	62,028	-	-	-	62,028
<i>Fund Cash Balances, December 31</i>	<u>\$ 62,028</u>	<u>\$ 176,204</u>	<u>\$ 67,884</u>	<u>\$ 24,092</u>	<u>\$ 330,208</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 685,140	\$ 38,589	\$ 723,729
Fines, Licenses and Permits	-	51,182	51,182
Miscellaneous	150,060	-	150,060
<i>Total Operating Cash Receipts</i>	<u>835,200</u>	<u>89,771</u>	<u>924,971</u>
<b>Operating Cash Disbursements</b>			
Personal Services	223,538	-	223,538
Employee Fringe Benefits	59,897	-	59,897
Contractual Services	315,409	-	315,409
Supplies and Materials	203,669	-	203,669
Other	55,402	89,771	145,173
<i>Total Operating Cash Disbursements</i>	<u>857,915</u>	<u>89,771</u>	<u>947,686</u>
<i>Operating Income (Loss)</i>	(22,715)	-	(22,715)
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	98,454	-	98,454
Special Assessments	6,488	-	6,488
Earnings on Investments	69	-	69
Miscellaneous Receipts	32,137	-	32,137
Capital Outlay	(22,000)	-	(22,000)
Principal Retirement	(117,381)	-	(117,381)
Interest and Other Fiscal Charges	(45,259)	-	(45,259)
Proceeds of Notes	22,000	-	22,000
Other Financing Sources	32,711	-	32,711
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>7,219</u>	<u>-</u>	<u>7,219</u>
<i>Income (Loss) Before Transfers and Advances</i>	(15,496)	-	(15,496)
Transfer-In	40,000	-	40,000
Advance-In	7,900	-	7,900
<i>Net Income (Loss)</i>	32,404	-	32,404
<i>Fund Cash Balances, January 1</i>	<u>200,306</u>	<u>-</u>	<u>200,306</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 232,710</u>	<u>\$ -</u>	<u>\$ 232,710</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$ 175,676	\$ 186,589	\$ 71,021	-	\$ 433,286
Municipal Income Tax	125,726	-	-	-	125,726
Intergovernmental	61,547	156,942	5,038	\$ 12,500	236,027
Charges for Services	26,984	-	-	-	26,984
Fines, Licenses and Permits	49,169	6,544	-	-	55,713
Earnings on Investments	1,290	84	-	-	1,374
Miscellaneous	41,194	2,327	3,000	-	46,521
<b>Total Cash Receipts</b>	<u>481,586</u>	<u>352,486</u>	<u>79,059</u>	<u>12,500</u>	<u>925,631</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	334,838	196,228	-	-	531,066
Public Health Services	-	5,224	-	-	5,224
Transportation	-	152,503	-	-	152,503
General Government	175,408	4,367	995	-	180,770
Capital Outlay	-	38,600	-	8,033	46,633
Debt Service:					
Redemption of Principal	740	2,100	31,897	-	34,737
Interest and Fiscal Charges	60	160	31,687	-	31,907
<b>Total Cash Disbursements</b>	<u>511,046</u>	<u>399,182</u>	<u>64,579</u>	<u>8,033</u>	<u>982,840</u>
Total Receipts Over/(Under) Disbursements	(29,460)	(46,696)	14,480	4,467	(57,209)
<b>Other Financing Receipts / (Disbursements):</b>					
Transfer-Out	(15,500)	-	-	-	(15,500)
Proceeds of Loans	46,300	22,855	-	-	69,155
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>30,800</u>	<u>22,855</u>	<u>-</u>	<u>-</u>	<u>53,655</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,340	(23,841)	14,480	4,467	(3,554)
Fund Cash Balances, January 1	46,981	204,493	46,574	-	298,048
<b>Fund Cash Balances, December 31</b>	<u>\$ 48,321</u>	<u>\$ 180,652</u>	<u>\$ 61,054</u>	<u>\$ 4,467</u>	<u>\$ 294,494</u>
Reserve for Encumbrances, December 31	<u>\$ 1,655</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 2,217</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 710,221	-	\$ 710,221
Fines, Licenses and Permits	-	\$ 42,834	42,834
Miscellaneous	147,351	-	147,351
Total Operating Cash Receipts	<u>857,572</u>	<u>42,834</u>	<u>900,406</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	212,967	-	212,967
Employee Fringe Benefits	55,250	-	55,250
Contractual Services	323,228	-	323,228
Supplies and Materials	159,910	-	159,910
Other	15,389	42,834	58,223
Total Operating Cash Disbursements	<u>766,744</u>	<u>42,834</u>	<u>809,578</u>
Operating Income/(Loss)	90,828	-	90,828
<b>Non-Operating Cash Receipts (Disbursements)</b>			
Property and Other Local Taxes	96,301	-	96,301
Special Assessments	8,376	-	8,376
Earnings on Investments	89	-	89
Capital Outlay	(4,500)	-	(4,500)
Miscellaneous Receipts	13,842	-	13,842
Principal Retirement	(135,516)	-	(135,516)
Interest and Fiscal Charges	(49,651)	-	(49,651)
Proceeds of Loans	22,855	-	22,855
Total Non-Operating Receipts/Disbursements	<u>(48,204)</u>	<u>-</u>	<u>(48,204)</u>
Income/(Loss) before Transfers	42,624	-	42,624
Transfer-In	15,500	-	15,500
Net Income/(Loss)	58,124	-	58,124
Fund Cash Balances, January 1	<u>142,182</u>	<u>-</u>	<u>142,182</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 200,306</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 200,306</u></b>
<b>Reserve for Encumbrance, December 31</b>	<b><u>\$ 5,567</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,567</u></b>

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

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**1. Summary of Significant Accounting Policies (continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

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.

**3. Debt Service Fund**

These funds account for resources the Village accumulates to pay bond and note debt. 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 a new safety center.

**4. Capital Project Funds**

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

Safety Center Construction Fund – This fund receives proceeds from loans to construct a new safety center.

Sewer Outfall Fund – This fund receives proceeds from several state grants to construct improvements to the wastewater treatment plant.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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 sanitation service costs.

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**1. Summary of Significant Accounting Policies (continued)**

**6. Agency 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 utility deposits and unclaimed funds.

**E. Budgetary Process**

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

**1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried forward to the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

**1. Nonspendable**

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

**2. 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.

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**1. Summary of Significant Accounting Policies (continued)**

**F. Fund Balance – (continued)**

**3. 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.

**4. 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.

**5. 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.

**G. Property, Plant, and Equipment**

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

**H. 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  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**2. Equity in Pooled Deposits and Investments**

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$537,015	\$468,915
Total deposits	537,015	468,915
STAR Ohio	25,903	25,885
Total investments	25,903	25,885
Total deposits and investments	<u>\$562,918</u>	<u>\$494,800</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.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>2011 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	
	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$506,646	\$520,306	\$13,660
Special Revenue	340,659	340,566	(93)
Debt Service	86,060	86,061	1
Capital Projects	178,807	176,014	(2,793)
Enterprise	1,146,946	1,074,959	(71,987)
Total	<u>\$2,259,118</u>	<u>\$2,197,906</u>	<u>(\$61,212)</u>

<u>2011 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
<u>Fund Type</u>	<u>Appropriation</u>	<u>Budgetary</u>	
	<u>Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$521,683	\$506,599	\$15,084
Special Revenue	358,106	345,014	13,092
Debt Service	80,032	79,231	801
Capital Projects	174,300	156,389	17,911
Enterprise	1,162,060	1,042,555	119,505
Total	<u>\$2,296,181</u>	<u>\$2,129,788</u>	<u>\$166,393</u>

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**3. Budgetary Activity – (continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$529,949	\$527,886	(\$2,063)
Special Revenue	376,155	375,341	(814)
Debt Service	75,127	79,059	3,932
Capital Projects	12,500	12,500	-
Enterprise	981,655	1,014,535	32,880
Total	<u>\$1,975,386</u>	<u>\$2,009,321</u>	<u>\$33,935</u>

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$554,241	\$528,201	\$26,040
Special Revenue	414,960	399,377	15,583
Debt Service	70,400	64,579	5,821
Capital Projects	8,400	8,400	-
Enterprise	1,011,537	961,978	49,559
Total	<u>\$2,059,538</u>	<u>\$1,962,535</u>	<u>\$97,003</u>

**4. Property Tax**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Local Income Tax**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**6. Debt**

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$202,353	4.20 - 7.59%
General Obligation Bonds	1,254,498	4.10 - 6.25%
OPWC Loan	93,491	0%
Ohio Water Development Authority Loan	394,072	2.20 - 7.59%
Total	<u>\$1,944,414</u>	

The Ohio Water Development Authority (OWDA) loans relate to wastewater treatment plant projects mandated by the Ohio Environmental Protection Agency. The Village will repay the loans in semiannual over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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. These loans are collateralized by the Village's taxing authority.

The General Obligation Notes relate to notes issued in 2010 and 2011 for the purchase of police cruisers, new equipment for the service department and road repairs. The Notes are collateralized by the Village's taxing authority.

The General Obligations Bonds relate to improvements made to the municipal owned 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:	<u>OPWC Loans</u>	<u>OWDA Loans</u>	<u>G.O. Notes</u>	<u>G.O. Bonds</u>
2012	\$ 7,109	\$ 65,505	\$ 81,492	\$ 115,658
2013	7,109	65,505	73,528	116,835
2014	7,109	65,505	64,273	116,855
2015	7,109	65,505	59,163	116,759
2016	7,109	65,505	-	116,861
2017-2021	35,545	131,010	-	583,638
2022-2026	22,401	-	-	297,822
2027-2030	-	-	-	226,254
2031-2034	-	-	-	135,748
Total	<u>\$ 93,491</u>	<u>\$ 458,535</u>	<u>\$ 278,456</u>	<u>\$ 1,826,430</u>

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011.

**8. Risk Management**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

**Village of Geneva on the Lake  
Ashtabula County  
Notes to the Financial Statements  
December 31, 2011 and 2010**

**8. Risk Management – (continued)**

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPMR	OPHC	OPMR	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Member's Equity	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Contingent Liabilities/Subsequent Events**

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.

**10. Joint Agreement**

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.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' 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 Drive  
Geneva on the Lake, Ohio 44041

To the Village Council:

We have audited the financial statements of the Village of Geneva on the Lake, Ashtabula County, Ohio (Village) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated July 23, 2012, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State of Ohio and also implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

## Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 23, 2012.

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

*Charles E. Harris & Associates*

**Charles E. Harris & Associates, Inc.**

July 23, 2012

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2009-001	ORC Section 5705.41(D) failure to certify availability of funds.	Yes	Finding No Longer Valid
2009-002	Advances not repaid from prior year audits.	Yes	Finding No Longer Valid
2009-003	ORC Section 5705.36 (A) (2) failure to obtain amended certificates of estimated resources.	Yes	Finding No Longer Valid
2009-004	ORC Section 5705.12 new funds created without Village Council approval	Yes	Finding No Longer Valid
2009-005	ORC Section 9.38 not depositing funds on a daily basis	Yes	Finding No Longer Valid
2009-006	ORC Section 5705.40 appropriations not being posted correctly to accounting system	Yes	Finding No Longer Valid
2009-007	ORC Section 5705.41 (D) not properly encumbering funds	Yes	Finding No Longer Valid





# Dave Yost • Auditor of State

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 27, 2012