

**CITY OF GENEVA**  
**ASHTABULA COUNTY, OHIO**

**GENERAL-PURPOSE FINANCIAL**  
**STATEMENTS AND AUDIT REPORTS**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup>  
Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-  
7398

Members of Council  
City of Geneva  
Geneva, Ohio 44041

We have reviewed the Independent Auditor's Report of the City of Geneva, Ashtabula County, prepared by S. R. Snodgrass, A.C., for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 31, 2000

*City of Geneva, Ohio*  
*General-Purpose Financial Statements and Audit Reports*  
*For the Year Ended December 31, 1999*

*Table of Contents*

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	<u>Page</u>
Independent Auditor's Report	1
Combined Balance Sheet – All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) All Governmental Fund Types	6
Combined Statement of Revenues, Expenses and Changes in Fund Equity – All Proprietary Fund Types and Similar Trust Funds	7
Combined Statement of Cash Flows – All Proprietary Fund Types and Similar Trust Funds	8
Notes to the General Purpose Financial Statements	9
Schedule of Expenditures of Federal Awards	43
Notes to the Schedule of Expenditures of Federal Awards	44
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	45
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	47
Schedule of Findings	49



**SNODGRASS**

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Members of Council  
City of Geneva  
Geneva, Ohio

We have audited the accompanying general-purpose financial statements of the City of Geneva, Ohio, as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Geneva, Ohio's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Geneva as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 28, 2000, on our consideration of the City of Geneva, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Members of Council  
City of Geneva  
Geneva, Ohio  
Page 2

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio  
April 28, 2000

CITY OF GENEVA, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type			Account Groups			Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	General Fixed Assets	General Long-term Obligations	Totals (Memorandum Only) Primary Government	Component Unit		
ASSETS:											
Equity in pooled cash and cash equivalents	\$ 254,639	\$ 427,793	\$ 4,021	\$ 142,516	\$ 276,555	\$ -	\$ -	\$ 1,105,524	\$ -	\$ -	\$ 1,105,524
Cash in segregated accounts	-	-	-	-	-	-	-	-	7,077	-	7,077
Investments	335,000	10,000	-	-	155,000	-	-	500,000	2,673	-	502,673
Receivables (net of allowances for uncollectibles):											
Income taxes	174,616	-	-	-	-	-	-	174,616	-	-	174,616
Real and other taxes	392,388	19,492	-	-	-	-	-	411,880	-	-	411,880
Accounts	6,621	6,673	-	-	288,783	-	-	302,077	-	-	302,077
Accrued interest	5,181	154	-	-	2,397	-	-	7,732	-	-	7,732
Loans	-	71,747	-	-	-	-	-	71,747	23,000	-	94,747
Special assessments	-	-	1,747,331	-	-	-	-	1,747,331	-	-	1,747,331
Advances to other funds	-	138,500	-	-	-	-	-	138,500	-	-	138,500
Due from component unit	-	95,000	-	-	-	-	-	95,000	-	-	95,000
Due from other funds	110,871	13,250	-	-	-	-	-	124,121	-	-	124,121
Due from other governments	52,796	64,557	-	-	45,046	-	-	162,399	-	-	162,399
Prepayments	19,633	4,397	-	3,015	6,194	-	-	33,239	-	-	33,239
Material and supplies inventory	3,744	9,683	-	-	14,206	-	-	27,633	-	-	27,633
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-	-	3,503,949	13,690,356	-	17,194,305	95,000	-	17,289,305
OTHER DEBITS:											
Amount available in debt service fund	-	-	-	-	-	-	4,021	4,021	-	-	4,021
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	1,697,034	1,697,034	-	-	1,697,034
Total assets and other debits	\$ 1,355,489	\$ 861,246	\$ 1,751,352	\$ 145,531	\$ 4,292,130	\$ 13,690,356	\$ 1,701,055	\$ 23,797,159	\$ 127,750	\$ -	\$ 23,924,909

CITY OF GENEVA, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)  
DECEMBER 31, 1999

	Governmental Fund Types						Proprietary Fund Type			Account Groups			Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	General Fixed Assets	General Long-term Obligations	Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity			
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>													
<b>LIABILITIES:</b>													
Accounts payable	\$ 5,877	\$ 4,150	\$ -	\$ -	\$ 1,793	\$ -	\$ -	\$ 11,820	\$ -	\$ -	\$ 11,820	\$ 83,096	\$ 83,096
Contracts payable	22,170	53,452	-	-	7,474	-	-	83,096	-	-	83,096	26,101	26,101
Accrued wages and benefits	18,558	3,648	-	-	3,895	-	-	26,101	-	-	26,101	146,797	146,797
Compensated absences payable	1,730	61	-	-	18,208	-	126,798	146,797	-	-	146,797	138,500	138,500
Advances from other funds	-	138,500	-	-	-	-	-	138,500	-	-	138,500	2,242,370	2,242,370
Deferred revenue	422,062	72,977	1,747,331	-	-	-	-	2,242,370	95,000	-	2,337,370	95,000	95,000
Due to primary government	-	-	-	-	-	-	-	-	-	-	-	124,121	124,121
Due to other funds	-	84,266	-	-	39,855	-	-	124,121	-	-	124,121	12,447	12,447
Due to other governments	6,820	2,054	-	-	3,573	-	-	12,447	-	-	12,447	210,000	210,000
Claims and judgements payable	8,359	-	-	-	-	201,641	-	210,000	-	-	210,000	10,292	10,292
Accrued interest payable	-	-	-	-	10,292	-	-	10,292	-	-	10,292	67,049	67,049
Pension obligation payable	-	-	-	-	8,694	-	-	8,694	-	-	8,694	260,000	260,000
General obligation notes payable	44,272	14,083	-	-	260,000	-	-	260,000	-	-	260,000	190,000	190,000
General obligation bonds payable	-	-	-	-	-	190,000	-	190,000	-	-	190,000	1,105,000	1,105,000
Special assessment debt with government commitment	-	-	-	-	-	1,105,000	-	1,105,000	-	-	1,105,000	67,916	67,916
Capital leases payable	-	-	-	-	-	67,916	-	67,916	-	-	67,916	4,664,872	4,664,872
OWDA loan payable	-	-	-	-	4,664,872	-	-	4,664,872	-	-	4,664,872	88,685	88,685
OPWC loan payable	-	-	-	-	78,985	-	9,700	88,685	-	-	88,685	95,000	95,000
<b>Total Liabilities</b>	<b>529,848</b>	<b>373,191</b>	<b>1,747,331</b>	<b>-</b>	<b>5,097,641</b>	<b>-</b>	<b>1,701,055</b>	<b>9,449,066</b>	<b>95,000</b>	<b>-</b>	<b>9,544,066</b>	<b>13,690,356</b>	<b>(805,511)</b>
<b>EQUITY AND OTHER CREDITS:</b>													
Investment in general fixed assets	-	-	-	-	-	13,690,356	-	13,690,356	-	-	13,690,356	137,796	137,796
Retained earnings - unreserved	-	-	-	-	(805,511)	-	-	(805,511)	-	-	(805,511)	13,427	13,427
Fund balances:													
Reserved for encumbrances	72,547	50,414	-	14,835	-	-	-	137,796	-	-	137,796	71,747	71,747
Reserved for inventory	3,744	9,683	-	-	-	-	-	13,427	-	-	13,427	138,500	138,500
Reserved for loans receivable	-	71,747	-	-	-	-	-	71,747	-	-	71,747	27,045	27,045
Reserved for advances	-	138,500	-	-	-	-	-	138,500	-	-	138,500	4,021	4,021
Reserved for prepayments	19,633	4,397	-	3,015	-	-	-	27,045	-	-	27,045	1,103,462	1,103,462
Reserved for debt service	-	-	4,021	-	-	-	-	4,021	-	-	4,021	14,348,093	14,348,093
Unreserved-undesignated	729,717	213,314	-	127,681	-	-	-	1,070,712	32,750	-	1,103,462	23,797,159	23,797,159
<b>Total equity and other credits</b>	<b>825,641</b>	<b>488,055</b>	<b>4,021</b>	<b>145,531</b>	<b>(805,511)</b>	<b>13,690,356</b>	<b>-</b>	<b>14,348,093</b>	<b>32,750</b>	<b>-</b>	<b>14,380,843</b>	<b>\$ 127,750</b>	<b>\$ 23,924,909</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 1,355,489</b>	<b>\$ 861,246</b>	<b>\$ 1,751,352</b>	<b>\$ 145,531</b>	<b>\$ 4,292,130</b>	<b>\$ 13,690,356</b>	<b>\$ 1,701,055</b>	<b>\$ 23,797,159</b>	<b>\$ 127,750</b>	<b>\$ -</b>	<b>\$ 23,924,909</b>		

See accompanying notes to the general-purpose financial statements

CITY OF GENEVA, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Totals (Memorandum Only) Primary Government	Component Unit	Totals (Memorandum Only) Reporting Entity
	General	Special Revenues	Debt Service	Capital Projects			
<b>Revenues:</b>							
Municipal income tax	\$ 1,040,100	\$ -	\$ -	\$ -	\$ 1,040,100	\$ -	\$ 1,040,100
Property and other taxes	359,289	81,796	-	-	441,085	-	441,085
Charges for services	117,203	3,229	-	-	120,432	-	120,432
Licenses, permits and fees	49,792	-	-	-	49,792	-	49,792
Fines and forfeitures	57,536	525	-	-	58,061	-	58,061
Special assessments	-	128,299	82,228	-	210,527	-	210,527
Intergovernmental	480,208	723,343	-	-	1,203,551	-	1,203,551
Investment income	55,333	13,949	-	-	69,282	320	69,602
Other	37,798	12,731	-	-	50,529	2,765	53,294
<b>Total revenues</b>	<b>2,197,259</b>	<b>963,872</b>	<b>82,228</b>	<b>-</b>	<b>3,243,359</b>	<b>3,085</b>	<b>3,246,444</b>
<b>Expenditures:</b>							
<b>Current Operations</b>							
General government	397,278	28,914	-	-	426,192	-	426,192
Security of persons and property	1,171,559	204,093	-	-	1,375,652	-	1,375,652
Transportation	61,916	358,671	-	-	420,587	-	420,587
Community environment	32,968	458,117	-	-	491,085	-	491,085
Leisure time activity	49,089	-	-	-	49,089	-	49,089
Capital outlay	-	71,274	-	261,060	332,334	-	332,334
Economic development	-	5,160	-	-	5,160	6,467	11,627
Other expenses	-	-	2,598	-	2,598	-	2,598
<b>Debt Service:</b>							
Principal retirement	1,709	-	52,238	23,967	77,914	-	77,914
Interest and fiscal charges	1,217	-	77,880	5,286	84,383	-	84,383
<b>Total expenditures</b>	<b>1,715,736</b>	<b>1,126,229</b>	<b>132,716</b>	<b>290,313</b>	<b>3,264,994</b>	<b>6,467</b>	<b>3,271,461</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>481,523</b>	<b>(162,357)</b>	<b>(50,488)</b>	<b>(290,313)</b>	<b>(21,635)</b>	<b>(3,382)</b>	<b>(25,017)</b>
<b>Other financing sources (uses):</b>							
Proceeds from sale of fixed assets	1,050	1,115	-	-	2,165	8,000	10,165
Operating transfers in	-	264,000	51,277	369,900	685,177	-	685,177
Operating transfers (out)	(668,900)	(16,277)	-	-	(685,177)	-	(685,177)
<b>Total other financing sources (uses)</b>	<b>(667,850)</b>	<b>248,838</b>	<b>51,277</b>	<b>369,900</b>	<b>2,165</b>	<b>8,000</b>	<b>10,165</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<b>(186,327)</b>	<b>86,481</b>	<b>789</b>	<b>79,587</b>	<b>(19,470)</b>	<b>4,618</b>	<b>(14,852)</b>
Fund Balance at January 1	1,010,234	400,048	3,232	65,944	1,479,458	28,132	1,507,590
Increase (decrease) in reserve for inventory	1,734	1,526	-	-	3,260	-	3,260
<b>Fund Balance at December 31</b>	<b>\$ 825,641</b>	<b>\$ 488,055</b>	<b>\$ 4,021</b>	<b>\$ 145,531</b>	<b>\$ 1,463,248</b>	<b>\$ 32,750</b>	<b>\$ 1,495,998</b>

See accompanying notes to the general-purpose financial statements



CITY OF GENEVA, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	General			Special Revenue			Debt Service			Capital Projects			Totals (Memorandum Only)			
	Revised Budget	Actual 1999	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenues:																
Income tax	\$ 928,200	\$ 1,040,157	\$ 111,957	\$ -	\$ 81,796	\$ 296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 928,200	\$ 1,040,157	\$ 111,957
Property and other taxes	340,600	359,289	18,689	-	4,097	4,097	-	-	-	-	-	-	-	422,100	441,085	18,985
Charges for services	120,100	118,362	(1,738)	-	-	-	-	-	-	-	-	-	-	120,100	122,459	2,359
Licenses, permits and fees	66,500	49,792	(16,708)	-	-	-	-	-	-	-	-	-	-	66,500	49,792	(16,708)
Fines and forfeitures	61,000	57,562	(3,438)	-	580	(920)	-	-	-	-	-	-	-	62,500	58,142	(4,358)
Special assessments	-	-	-	1,500	-	-	-	-	-	-	-	-	-	233,200	210,527	(22,673)
Intergovernmental	397,400	479,589	82,189	120,000	128,299	8,299	113,200	82,228	(30,972)	-	-	-	-	1,337,490	1,201,581	(135,909)
Investment income	50,000	50,734	734	16,000	17,345	1,345	-	-	-	-	-	-	-	66,000	68,079	2,079
Other	30,771	37,957	7,186	72,750	33,413	(39,337)	-	-	-	-	-	-	-	103,521	71,370	(32,151)
Total revenues	1,994,571	2,193,442	198,871	1,231,840	987,522	(244,318)	113,200	82,228	(30,972)	-	-	-	-	3,339,611	3,263,192	(76,419)
Expenditures:																
Current:																
General government	469,284	436,079	33,205	38,285	29,568	8,717	-	-	-	-	-	-	-	507,569	465,647	41,922
Security of persons and property	1,297,629	1,272,497	25,132	240,701	219,987	20,714	-	-	-	-	-	-	-	1,538,330	1,492,484	45,846
Transportation	71,391	66,576	4,815	457,149	379,310	77,839	-	-	-	-	-	-	-	528,540	445,886	82,654
Community environment	45,822	35,853	9,969	623,553	448,840	174,713	-	-	-	-	-	-	-	669,375	484,693	184,682
Leisure time activity	54,838	50,168	4,670	-	-	-	-	-	-	-	-	-	-	54,838	50,168	4,670
Economic Development	-	-	-	200,107	6,536	193,571	-	-	-	-	-	-	-	200,107	6,536	193,571
Capital outlay	-	-	-	182,200	171,964	10,236	-	-	-	-	-	-	-	618,911	486,278	132,633
Other	-	-	-	-	-	-	4,500	2,598	1,902	(4,480)	-	-	-	4,500	7,078	(2,578)
Debt service:																
Principal retirement	-	-	-	-	-	-	65,880	52,238	13,642	-	-	-	-	65,880	52,238	13,642
Interest and fiscal charges	-	-	-	-	-	-	98,820	77,880	20,940	-	-	-	-	98,820	77,880	20,940
Total expenditures	1,938,964	1,861,173	77,791	1,741,995	1,256,205	485,790	169,200	132,716	36,484	436,711	318,794	117,917	4,286,870	3,568,888	717,982	
Excess (deficiency) of revenues over (under) expenditures	55,607	332,269	276,662	(510,155)	(268,683)	241,472	(56,000)	(50,488)	5,512	(436,711)	(318,794)	117,917	(947,259)	(305,696)	641,563	
Other financing sources (uses):																
Proceeds from sale of fixed assets	500	1,050	550	2,500	1,115	(1,385)	-	-	-	-	-	-	-	3,000	2,165	(835)
Operating transfers in	(917,541)	(779,771)	137,770	(427,641)	335,015	(92,626)	53,000	51,277	(1,723)	(369,900)	369,900	-	850,541	756,192	(94,349)	
Operating transfers (out)	-	-	-	(18,000)	(16,277)	1,723	-	-	-	-	-	-	-	(935,541)	(796,048)	139,493
Total other financing sources (uses)	(917,041)	(778,721)	138,320	(412,141)	319,833	(92,288)	53,000	51,277	(1,723)	(369,900)	369,900	-	(82,000)	(37,691)	44,309	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(861,434)	(446,452)	414,982	(98,014)	51,170	149,184	(3,000)	789	3,789	(66,811)	51,106	117,917	(1,029,259)	(343,387)	685,872	
Fund balance at January 1	815,469	815,469	-	245,133	245,133	-	3,232	3,232	-	9,375	9,375	-	1,073,209	1,073,209	-	-
Prior year encumbrances appropriated	107,003	107,003	-	63,483	63,483	-	-	-	-	67,200	67,200	-	237,686	237,686	-	-
Fund balance at December 31	\$ 61,038	\$ 476,020	\$ 414,982	\$ 210,602	\$ 359,786	\$ 149,184	\$ 232	\$ 4,021	\$ 3,789	\$ 9,764	\$ 127,681	\$ 117,917	\$ 281,636	\$ 967,508	\$ 685,872	\$ 685,872

CITY OF GENEVA, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise
Operating revenues:	
Charges for services	\$ 996,988
Tap-in fees	110,612
	1,107,600
Operating expenses:	
Personal services	313,224
Contract services	408,080
Materials and supplies	80,622
Depreciation	149,656
	951,582
Operating income	156,018
Nonoperating revenues (expenses):	
Interest expense and fiscal charges	(314,193)
Investment income	28,466
Proceeds from grants	73,196
Other nonoperating revenue	60,069
	(152,462)
Net income	3,556
Retained earnings at January 1 (restated)	(809,067)
Retained earnings at December 31	\$ (805,511)

See accompanying notes to the general-purpose financial statements

CITY OF GENEVA, OHIO  
 COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise
Cash flows from operating activities:	
Cash received from customers	\$ 1,100,659
Cash payments for personal services	(323,044)
Cash payments for contract services	(421,120)
Cash payments for supplies and materials	(81,415)
	275,080
Cash flows from noncapital financing activities:	
Cash received from nonoperating activities	54,770
Transfers in from other funds	39,855
Grants	33,341
	127,966
Cash flows from capital and related financing activities:	
Aquisition of capital funds	(600)
Proceeds from sale of fixed assets	108
Principal retirement	(265,549)
Interest paid	(474,122)
	(740,163)
Cash flows from investing activities:	
Proceeds from sale of investments	117,000
Interest received	26,261
Payments for investments	(155,000)
	(11,739)
Net decrease in cash and cash equivalents	(348,856)
Cash and cash equivalents at January 1	625,411
Cash and cash equivalents at December 31	\$ 276,555
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	\$ 156,018
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	149,656
Changes in assets and liabilities:	
(Increase) decrease in inventories	(793)
(Increase) decrease in accounts receivable	(6,941)
(Increase) decrease in prepayments	524
Increase (decrease) in accounts payable	(9,507)
Increase (decrease) in pension obligation payable	(838)
Increase (decrease) in accrued wages and benefits	(9,195)
Increase (decrease) compensated absences payable	4,775
Increase (decrease) in due to other governments	(2,312)
Increase (decrease) in contracts payable	(6,307)
	275,080
Net cash provided by operating activities	\$ 275,080

See accompanying notes to the general-purpose financial statements

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Geneva is a home rule municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The City was incorporated as a city in 1958. The City operates under its own charter and is governed by a City Manager-Council form of government, which was adopted on November 2, 1957. Members of Council are elected to four-year staggered terms.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Geneva have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to its proprietary activities to the extent they do not contradict or conflict with GASB pronouncements. The more significant of the City's accounting policies are described below.

**A. REPORTING ENTITY**

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". Based on application of the criteria set forth in GASB Statement No. 14, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the general-purpose financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU's corporate power, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation and wastewater. The preceding financial statements include all funds and account groups of the City (the primary government) and the City's component unit. The following organizations are described due to their relationship to the City.

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***DISCRETELY PRESENTED COMPONENT UNIT***

The component unit column in the combined financial statements identifies the financial data of the City's component unit, the Community Improvement Corporation of Geneva (the CIC). It is reported separately to emphasize that it is legally separate from the City.

The CIC is a legally separate, non-profit organization, served by a ten-member board composed of City officials and community representatives. Charged with the responsibilities of advancing, encouraging and promoting the industrial, economic, commercial and civic development of the Geneva area, the CIC is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City. The CIC prepares its financial statements using the accounting principles of AICPA SOP No 78-10, and therefore has elected to apply GASB Statement 29. The AICPA not-for-profit model has been used. Separately issued financial statements can be obtained from the City of Geneva.

***JOINTLY GOVERNED ORGANIZATIONS***

*Ashtabula County General Health District*

The Ashtabula County General Health District, a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. Twenty-seven townships, seven villages, and the City of Geneva participate in the District. The City contributed \$31,129 during 1999 for the operation of the District.

*The Geneva Union Cemeteries District*

The Geneva Union Cemeteries District, a jointly governed organization, is a political subdivision governed by a board of trustees, which possesses its own contracting and budgeting authority. The board of trustees consists of a representative from each of the participating governments; the City of Geneva, the Village of Geneva-on-the-Lake and Geneva Township. The members serve staggered three-year terms. The City made no contributions during 1999 for the operation of the District.

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***INSURANCE PURCHASING POOL***

*Ohio Municipal League Workers' Compensation Group Rating Plan*

The City is participating in a group rating plan (GRP) for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The City pays a group-rated, per employee premium based upon wages, to the Ohio Bureau of Workers' Compensation. The GRP is administered by Gates McDonald Co.

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the City and the CIC (Component Unit) are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, as appropriate; and revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the City:

**GOVERNMENTAL FUNDS:**

General Fund - The General Fund is used to account for all activities of the City not required to be included in another fund.

Special Revenue Funds - The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The Debt Service Funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds - The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**PROPRIETARY FUNDS:**

*Enterprise Funds*- The Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**FIDUCIARY FUNDS:**

*Trust and Agency Funds* - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or funds. These include trust and agency funds. Agency Funds do not have a measurement focus (i.e., assets equal liabilities) and are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

**ACCOUNT GROUPS:**

*General Fixed Asset Account Group* - The General Fixed Assets Account Group is used to account for all general fixed assets of the City, other than those fixed assets accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

**C. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is utilized for reporting purposes by governmental funds. Under this method of accounting, the City recognizes revenue and other financing sources when they become both measurable and available (i.e., collectible within the current period or within 31 days thereafter) to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Revenues considered susceptible to accrual at the end of the year include employer withheld income taxes, interest on investments, state-levied locally shared taxes (including motor vehicle license fees, gasoline taxes, and local government assistance), and reimbursements due from federally funded projects for which corresponding expenditures have been made.

Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Delinquent special assessments and property taxes as well as special assessment installments not due in the current year are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 but not intended to finance 1999 activities have also been recorded as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The accrual basis of accounting is utilized for reporting purposes by proprietary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year-end.

The CIC reports its operations using the accrual basis.

**D. BUDGETS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

**TAX BUDGET**

During the first Council meeting in July, the City Manager presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.



**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**ESTIMATED RESOURCES**

The County Budget Commission determines if the budget justifies the need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. Except for transfers in, in which the appropriation ordinances were used, the amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

**APPROPRIATIONS**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. During the year, several supplemental appropriation measures were passed. Supplemental 1999 appropriations are listed below. The budget figures, which appear in the statement of budgetary comparisons, represent the final appropriation amounts, including all amendments and modifications.

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Supplemental 1999 appropriations:

General Fund	\$ 799,962
Special Revenue Funds	406,105
Debt Service Fund	36,500
Capital Projects Funds	309,000
Enterprise Fund	<u>361,433</u>
Total 1999 supplemental appropriations	<u>\$ 1,913,000</u>

**LAPSING OF APPROPRIATIONS**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

**ENCUMBRANCES**

As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Note 17 provides a reconciliation between the budgetary-basis and GAAP-basis of accounting.

**E. CASH AND INVESTMENTS**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During fiscal year 1999, investments were limited to STAR Ohio and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 1999.

For purpose of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. INVENTORY**

Inventories are valued at cost using the first-in, first-out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

**G. PREPAID ITEMS**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At period-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. CAPITAL ASSETS**

The City has reconstructed the costs of its capital assets for the year ended December 31, 1999. Capital assets include all tangible assets that are used in the operations of the City that have initial useful lives extending beyond a single reporting period and an original value (each) of \$500 or greater. These include such items as land, improvements to land, buildings, building improvements, vehicles, machinery, equipment and infrastructure. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems and lighting systems. Capital assets are included in one account group and one fund – the General Fixed Assets Account Group and the Enterprise (Wastewater) Fund. The original cost of each capital asset is the amount paid for the asset.

When invoices or accurate records were not available, an estimate of cost was used based on a present cost of reproduction new indexed by a reciprocal factor of the price increase from the estimated date of acquisition to the appraisal date. Depreciation was calculated only for the Wastewater Fund capital assets, and was based on the estimated useful life of each asset, which ranged from six years to forty-five years. Depreciation expense was calculated using the straight-line method.

**I. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and special termination benefits are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Bonds, long-term loans, and special assessment bonds are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the proprietary fund.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. COMPENSATED ABSENCES**

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

The amount is based on accumulated sick leave and employee wage rates at fiscal year-end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. FUND EQUITY**

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditure, including amounts that are legally segregated for a specific future use. As a result, encumbrances, loans receivable, inventories, prepaids, available debt service equity and non-current portions of interfund loans are recorded as reservations of fund balance.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. INTERFUND TRANSACTIONS**

During the course of normal operations, the City has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as interfund loans receivable or payable.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 5.

**M. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS**

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures. Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the General Long-Term Obligations Account Group is reported at the bond's face value.

When the proceeds from general obligation bonded debt are placed in a proprietary type fund, and the debt will be serviced from revenues generated by that fund, then any material issuance costs will be reported as a deferred charge and amortized over the life of the bond using the interest method. Any material discounts or premiums are shown as additions to or deductions from the amount of the bond liability, are amortized using the interest method, and are reflected as interest income or expense in the Statement of Revenues, Expenses, and Changes in Retained Earnings.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. STATEMENT OF CASH FLOWS**

In September 1989, the Government Accounting Standards Board (GASB) issued Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." The City has presented a statement of cash flows for its enterprise fund. For purposes of the statement of cash flows, the City considers cash equivalents to include all short-term investments (maturity of 90 days or less from date of purchase).

**O. ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. MEMORANDUM ONLY - TOTAL COLUMNS**

The "total" columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. CHANGE IN ACCOUNTING PRINCIPLES**

During 1999, the City reconstructed the costs of its capital assets, as further described in Note 2, H. and Note 8. Before 1999, no depreciation had been recorded in the Enterprise fund.

The implementation of this change had the following effect on retained earnings as it was previously reported on December 31, 1998.

	<u>Enterprise Fund</u>
Retained earnings as previously reported	\$ 715,169
Restatement for past depreciation	<u>(1,524,236)</u>
Restated retained earnings at December 31, 1998	<u><u>\$ (809,067)</u></u>

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. DEFICIT FUND BALANCES/RETAINED EARNINGS**

The following funds had deficit fund balances/retained earnings as of December 31, 1999:

Special Revenue Funds	
Vehicle License	\$ 109,645
COPS II	8,398
COPS MORE	17,916
CHIP Grant	27,052
Enterprise Fund	
Wastewater	749,574
Water	55,937

These fund deficits primarily resulted from adjustments for accrued liabilities. The General fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur. The deficit balance in the Wastewater fund is due to the restatement of retained earnings for prior years' unrecorded depreciation.

**C. EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The following fund had expenditures during the year in excess of its final appropriations for the year ended December 31, 1999:

Enterprise Fund	
Wastewater	\$ 137,052

The expenditures exceeded appropriations because three debt payments were made during 1999, only two payments were appropriated. The previous Finance Director customarily made a payment at the beginning and middle of each fiscal year. The new Finance Director was unaware of this when the payment at the end of the year was made.

**D. PROCUREMENT OF ENGINEERING SERVICES**

Two contracts for engineering services were procured by negotiation, when the bidding method of procurement should have been used. . Both contracts were between \$15,000 and \$25,000. If the contracts had been below the \$15,000 or above the \$25,000, the bidding method would not have to be used. This is a loophole that has not been addressed in the law.



**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

**A. PRIMARY GOVERNMENT**

Moneys held by the City are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the City treasury. Active moneys must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the City, which are not considered active, are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**DEPOSITS**

At year-end, the carrying amount of the City's deposits was \$134,530 and the bank balance was \$214,325. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$114,325 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**INVESTMENTS**

The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. STAR Ohio

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	1	Category 2	3	Carrying Value	Fair Value
Certificates of Deposit	\$ 300,000	\$ 200,000	\$ -	\$ 500,000	\$ 500,000
STAR Ohio	-	-	-	970,994	970,994
Total Investments	<u>\$ 300,000</u>	<u>\$ 200,000</u>	<u>-</u>	<u>\$ 1,470,994</u>	<u>\$ 1,470,994</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the Combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$ 1,105,524	\$ 500,000
Investments of the Cash Management Pool:		
Investment in STAR Ohio	(970,994)	970,994
GASB Statement No. 3	<u>\$ 134,530</u>	<u>\$ 1,470,994</u>

**B. COMPONENT UNIT**

At year-end, the carrying amount of the CIC's deposits was \$9,750 and bank balance was \$9,750. The entire balance was covered by federal depository insurance.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables which are long-term in nature (outstanding greater than one year):

	Advances to Other Funds	Advances from Other Funds
Special Revenue Funds	\$ 138,500	\$ 138,500
Total Long-Term Interfund Balances	\$ 138,500	\$ 138,500

B. Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 110,871	\$ -
Special Revenue Funds	13,250	84,266
Enterprise Funds	-	39,855
Total Due From/Due To Other Fund	\$ 124,121	\$ 124,121

C. The following is a summarized breakdown of the City's operating transfers for 1999:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 668,900
Special Revenue Funds	264,000	16,277
Debt Service Funds	51,277	-
Capital Project Funds	369,900	-
Totals	\$ 685,177	\$ 685,177

**NOTE 6 - TAXES**

**A. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 6 – TAXES – (Continued)**

Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 25 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Geneva. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1999 was \$8.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were collected as follows:

Real Property	\$ 59,145,010
Public Utility	5,875,190
Tangible Personal Property	<u>9,002,510</u>
Total Valuation	<u>\$ 74,022,710</u>

**B. INCOME TAXES**

The City levies a municipal income tax of one percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of the tax paid to another municipality to a maximum of the total amount assessed. In the prior year, this credit was limited to 75 percent; however, in 1999 the City increased this credit to 100 percent.

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 6 - TAXES - (Continued)**

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

Income tax proceeds are received by the general fund, and totaled \$1,040,100 in 1999 and \$1,180,919 in 1998. Income tax receipts are expected to be approximately \$900,000 in 2000, due mainly to the resident tax credit changes described above.

**NOTE 7 - LOANS RECEIVABLE**

As part of the Economic Development special revenue fund, the City maintains a revolving loan program, available to local businesses to encourage growth and development. The State of Ohio provides funding for the program. At December 31, 1999, there were five loans outstanding, totaling \$71,747.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 1999 primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues, special assessments, loans receivable and interest on investments. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

Primary Government

	<u>Amount</u>
General Fund	
Undivided Local Government	\$ 24,477
County Area Court	5,419
Estate Tax	<u>22,900</u>
Total General Fund	<u>52,796</u>

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 8 - RECEIVABLES - (Continued)**

Special Revenue Funds	
Street Construction Maintenance and Repair Fund	
Gasoline Tax	10,772
Motor Vehicle License Tax	1,882
State Highway Fund	
Gasoline Tax	873
Motor Vehicle License Tax	153
Vehicle License Fund	
Permissive Motor Vehicle Tax	4,182
COPS Grant	25,212
CHIP Grant	20,625
Law Enforcement Education	
County Area Court	25
Recycling Grant	833
Total Special Revenue Funds	64,557
Enterprise Funds	
Ohio Public Works Commission Grant	39,855
Township Motel Tax	5,191
Total Enterprise Funds	45,046
Total Intergovernmental Receivables	\$ 162,399

Component Unit

During 1998, the CIC entered into a lease purchase agreement for land contributed by the City of Geneva. The lease is being treated as a sale of land based on the terms of the agreement. The agreement calls for payments of \$1,000 per year beginning in 1998, and ending October 31, 2002. These payments will be credited toward the \$25,000 purchase price. The lessee is to purchase the property at the end of the lease term, but may purchase before that time. The purchase price may be further reduced by credits of \$2,000 for each employee meeting certain requirements, up to a maximum of \$10,000, and another credit of up to \$7,000 if the purchaser obtains a covenant not-to-sue from the USEPA. It is not possible to estimate the cash that will be collected, and therefore no allowance for the uncollectible portion has been developed.

The balance outstanding at December 31, 1999 was \$ 23,000.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 9 - CAPITAL ASSETS**

	Restated Beginning Balance	Additions	Deletions	Ending Balance 12/31/99
Governmental activities:				
Land	\$ 195,749	\$ -	\$ -	\$ 195,749
Buildings & improvements	2,096,187	25,307	-	2,121,494
Equipment	1,869,983	194,285	-	2,064,268
Infrastructure	9,045,450	263,395	-	9,308,845
Totals at historical cost	<u>\$ 13,207,369</u>	<u>\$ 482,987</u>	<u>\$ -</u>	<u>\$ 13,690,356</u>
Enterprise (Wastewater) activities:				
Buildings & improvements	3,572,702	-	-	3,572,702
Equipment	670,473	600	-	671,073
Collection system	1,790,500	-	-	1,790,500
Totals at historical costs	<u>6,033,675</u>	<u>600</u>	<u>-</u>	<u>6,034,275</u>
Less accumulated depreciation for:				
Buildings & improvements	(1,404,266)	(74,303)	-	(1,478,569)
Equipment	(355,192)	(39,222)	-	(394,414)
Collection system	(621,212)	(36,131)	-	(657,343)
Total depreciation	<u>(2,380,670)</u>	<u>(149,656)</u>	<u>-</u>	<u>(2,530,326)</u>
Enterprise (Wastewater) activities:	<u>\$ 3,653,005</u>	<u>\$ (149,056)</u>	<u>\$ -</u>	<u>\$ 3,503,949</u>

The beginning balances for 1999 have been restated as follows:

	Governmental	Enterprise
Capital assets at 12/31/98	\$ 251,058	\$ 5,177,241
Effect of restatement	<u>12,956,311</u>	<u>856,434</u>
Capital assets as restated at 12/31/98	<u>\$ 13,207,369</u>	<u>\$ 6,033,675</u>

A restatement of the beginning balances for capital assets is necessary because a complete listing of capital assets was not previously available. The City hired an outside firm to prepare a report of the City's capital assets which was completed for December 31, 1999. The effect of the report was to increase capital assets to reflect items not previously included and to record depreciation not previously included in the financial statements for the Wastewater Fund.



**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 10 - LONG-TERM OBLIGATIONS**

Changes in Long-term obligations of the City during 1999 were as follows:

	Balance 1/1/99	Additions	(Reductions)	Outstanding 12/31/99
<b>General Long-term Obligations</b>				
General Obligation Bonds (Unvoted)				
1995 - 4.99% Various Purpose	\$ 195,000	\$ -	\$ (5,000)	\$ 190,000
Ohio Public Works Loans				
1996 0% OPWC Loan	11,939	-	(2,239)	9,700
Special Assessment Bonds				
1995 - 4.99% Various Purpose	1,150,000	-	(45,000)	1,105,000
Compensated Absences	111,241	15,557	-	126,798
Capital Leases Payable	76,953	16,639	(25,676)	67,916
Claims and Judgments Payable	190,000	20,000	-	210,000
<b>Total General Long-Term Obligations</b>	<b>1,735,133</b>	<b>52,196</b>	<b>(77,915)</b>	<b>1,709,414</b>
<b>Enterprise Fund Obligations</b>				
Ohio Water Development Loans				
8.47% OWDA Phase I	736,996	-	(40,360)	696,636
7.89% OWDA Phase II	667,578	-	(32,022)	635,556
7.50% OWDA Phase III	2,396,142	-	(85,075)	2,311,067
2.20% OWDA Phase IV	370,029	-	(27,400)	342,629
2.20% OWDA Phase V	383,670	-	(28,408)	355,262
2.20% OWDA Phase VI	348,657	-	(24,935)	323,722
<b>Total OWDA Loans</b>	<b>4,903,072</b>	<b>-</b>	<b>(238,200)</b>	<b>4,664,872</b>
Ohio Public Works Loans				
1991 0% OPWC Loan	15,653	-	(6,708)	8,945
1993 0% OPWC Loan	20,681	-	(5,641)	15,040
1995 0% OPWC Loan	70,000	-	(15,000)	55,000
<b>Total OPWC Loans</b>	<b>106,334</b>	<b>-</b>	<b>(27,349)</b>	<b>78,985</b>
Compensated Absences	13,433	4,775	-	18,208
<b>Total Enterprise Fund Obligations</b>	<b>5,022,839</b>	<b>4,775</b>	<b>(265,549)</b>	<b>4,762,065</b>
<b>GRAND TOTAL</b>	<b>\$ 6,757,972</b>	<b>\$ 56,971</b>	<b>\$ (343,464)</b>	<b>\$ 6,471,479</b>

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

General obligation bonds are direct obligations of the City and will be paid from the debt service fund using property tax revenues. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid.

The City has a line of credit with the Ohio Water Development Authority (OWDA) to finance the Filter Press and Centennial projects. The final, total cost of the Filter Press project was \$388,440. The final, total cost of the Centennial project was \$437,771. Both amounts have been reflected in the preceding schedule as well as the amortization schedule below. Both projects were finalized in February 1997. All OWDA loans are obligations of the Wastewater fund, and will be paid from the operating revenue of that fund.

The City has four loans with the Ohio Public Works Commission (OPWC). One was issued in 1991 to finance the repair of the Pleasant Avenue Sewer; one was issued in 1993 to finance the repair of the West Main Sanitary Sewer; one was issued in 1995 to finance the repair of the Old Orchard Sewer; and one was issued in 1996 to finance the repair of the Erie Street Reconstruction Project. The first three are obligations of the Enterprise fund, and will be paid from the operating revenues of that fund. The debt service fund will account for the repayment of the 1996 issue, with resources accumulated in and transferred from other funds.

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 1999, the City's total voted debt margin was \$7,533,419, and the unvoted debt margin was \$3,832,283.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 are as follows:

	<u>General Obligations</u>	<u>Special Assessment</u>	<u>Ohio Water Development Authority</u>	<u>Ohio Public Works Commission</u>
2000	\$ 15,932	\$ 108,498	\$ 474,881	\$ 19,724
2001	20,600	105,505	474,881	19,724
2002	19,960	107,625	474,881	15,252
2003	19,335	104,500	474,881	15,252
2004	18,710	106,375	474,881	11,492
2005 - 2009	89,860	530,187	2,374,408	7,241
2010 - 2014	91,800	535,000	2,241,523	-
2015 - 2018	<u>15,840</u>	<u>110,880</u>	<u>873,071</u>	<u>-</u>
Total Requirements	292,037	1,708,570	7,863,407	88,685
Less Interest	<u>(102,037)</u>	<u>(603,570)</u>	<u>(3,198,535)</u>	<u>-</u>
Total Principal	<u>\$ 190,000</u>	<u>\$ 1,105,000</u>	<u>\$ 4,664,872</u>	<u>\$ 88,685</u>

**NOTE 11 - CAPITAL LEASES**

In 1995, the City entered into a lease for the acquisition of a fire truck. During 1999, the City entered into a lease for the acquisition of a copier. These lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded in the general long-term obligations account group. The agreements provides for minimum annual rental payments as follows:

<u>Year</u>	
2000	\$ 33,642
2001	33,642
2002	4,389
2003	4,389
2004	<u>1,463</u>
Total minimum lease payments	77,525
Less: Amount representing interest	<u>(9,609)</u>
Present value of minimum lease payments	<u>\$ 67,916</u>

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 11 - CAPITAL LEASES – (Continued)**

The vehicle and the copier have been capitalized in the General Fixed Assets Account Group in the amounts of \$140,000 and \$16,639, respectively, the present value of the minimum lease payments at the inception of the leases.

**NOTE 12 - OPERATING LEASE**

The City acquired a postage meter and scale for the Municipal Building through a lease agreement. Payments are due quarterly, \$141 for the first four quarters and \$186, thereafter. The expense for 1999 was \$423. Future minimum lease payments are as follows:

2000		\$	744
2001			744
2002			744
2003			930
Total		\$	3,872

**NOTE 13 - NOTES PAYABLE**

During 1998, the City issued \$260,000 in general obligation bond anticipation notes related to its water distribution system. The notes are general obligations of the City, and will be repaid from operating revenues of the water fund. A summary of the note outstanding at December 31, 1999 is as follows:

<u>General Obligation</u> <u>Bond Anticipation Notes</u>	<u>Issue</u> <u>Date</u>	<u>Balance</u> <u>12/31/98</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/99</u>
<u>Enterprise Fund</u> Water Distribution	2/25/98	\$260,000	\$-0-	\$-0-	\$260,000

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

All Geneva City full-time employees, other than uniformed employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contribution to PERS for the year ended December 31, 1999, 1998, 1997, were \$78,326, \$82,843, and \$76,649, respectfully. The full amount has been contributed for 1998 and 1997. 72.29 percent has been contributed for 1999 with the remainder being reported as a fund liability

**B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND**

Full-time uniformed employees of the City participate in the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. This is a single retirement system with one administration that provides retirement benefits to two classes of employees. Authority to establish and amend benefits is provided by state statute per Chapter 712 of the Ohio Revised Code. PFDPF issues a stand-alone financial report which may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code Chapter 742 provides statutory authority for employee and employer contributions. The contribution rates are determined actuarially. Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and for 1999 the City was required to contribute 12.5 percent for police and 17 percent for firefighters. The City's contributions to the Fund for police and firefighters were \$56,163 and \$31,199 for the year ended December 31, 1999, \$30,807 and \$41,471 for 1998, and \$27,604 and \$37,159 for the 1997. 82.54 percent and 80.92 percent, respectfully, have been contributed for 1999 with the remainder being reported as a fund liability.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55% of covered payroll; 4.2% was the portion that was used to fund health care. The law enforcement employer rate for 1999 was 16.70% of covered payroll; 4.2% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund postemployment benefits was \$35,184.

Benefits are funded on a pay-as-you go basis. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,614. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 1999, Comprehensive Annual Financial Report.

**CITY OF GENEVA, OHIO**  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999

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**NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

**B. POLICE AND FIREMAN'S DISABILITY PENSION FUND**

The PFDPF provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. Health care funding and accounting is on a pay-as-you-go basis. Currently, 7.25% of covered payroll, the Board-defined allocation, is used to pay retiree health care expenses. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 1998 used to pay postemployment benefits for police officers and firefighters were \$31,454 and \$12,861, respectively. PFDPF's total health care expenses for the year ending December 31, 1998 (the latest information available) was \$78,596,790. The number of participants eligible to receive health care benefits as of December 31, 1998 was 11,424 for police officers and 9,186 for firefighters

**NOTE 16 - COMPENSATED ABSENCES**

Employees earn vacation and sick leave at different rates, which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police and dispatchers may carry over 40 hours for use during the first three months of the following year. Sick leave accrual is continuous, with a limit of 960 hours. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for one half of his/her accumulated hours of sick leave, except fire department employees, who are part-time and do not accumulate sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 16 - COMPENSATED ABSENCES (Continued)**

As of December 31, 1999, the liability for unpaid compensated absences reported as a fund liability in governmental fund types was \$1,791, and \$126,798 was reported in the General Long-Term Obligations Account Group. There was no liability for current compensated absences reported in proprietary fund types, and the non-current portion was \$18,208. The total liability for the City's compensated absences for all fund types and account groups was \$146,797.

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP (generally accepted accounting principles) basis are:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- 4) Short-term note proceeds and note principal retirement are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- 5) State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP).



**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

**EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER  
(UNDER) EXPENDITURES AND OTHER FINANCING (USES)**

	Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	\$ (446,452)	\$ 51,170	\$ 789	\$ 51,106
Adjustments:				
Net adjustment for Revenue Accruals	3,817	(23,650)	-	-
Net adjustment for Expenditure Accruals	35,425	57,839	-	13,646
Net adjustment for Other Financing Sources/(Uses) Accruals	110,871	(71,015)	-	-
Encumbrances	110,012	72,137	-	14,835
GAAP Basis	<u>\$ (186,327)</u>	<u>\$ 86,481</u>	<u>\$ 789</u>	<u>\$ 79,587</u>

**NOTE 18 - CONTRACTUAL COMMITMENTS**

The City had the following outstanding contractual commitments as of December 31, 1999:

	Amount
Berbakos Tree & Crane	\$ 14,610
Burgess & Niple (5 projects)	23,281
Morton International	1,204
Igloo Heating	9,150
Kim Davis/New Image Home Improvement	18,300
Aleph Construction	9,264
Total	<u>\$ 75,809</u>

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains two enterprise funds which are intended to be self-supporting from user fees charged for services provided to consumers for wastewater operations and water operations. Segment information for the year ended December 31, 1999 is as follows:

	Wastewater Fund	Water Fund	Total
Operating revenues	\$ 1,107,600	\$ -	\$ 1,107,600
Operating income (loss)	201,003	(44,985)	156,018
Net income (loss)	37,493	(33,937)	3,556
Proceeds from grants	73,196	-	73,196
Additions to property, plant and equipment	600	-	600
Depreciation	149,656	-	149,656
Net working capital	508,363	204,062	712,425
Total assets	4,077,776	214,354	4,292,130
Bonds and other long-term liabilities payable from operating revenues	4,762,065	260,000	5,022,065
Total equity	(749,574)	(55,937)	(805,511)
Encumbrances outstanding at December 31	25,410	34,874	60,284

**NOTE 20 - RELATED PARTY TRANSACTIONS**

During 1999, the City transferred two land parcels to the Community Improvement Corporation of Geneva (Note 2.A.). These two parcels cost the City \$95,000. The agreement between the City and the CIC specifies that the City shall receive (at a minimum) fair market value for these parcels of land it transferred to the CIC. Although at the balance sheet date, the City had not been compensated by the CIC for the transferred parcels, City management is confident that once the CIC itself sells the land to either a developer or business which wishes to locate or expand in Geneva, the City will receive compensation as defined in the agreement.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 21 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
CNA Insurance Co.	Property	\$2,500	\$8,531,910
	General Liability	0	1,000,000
	Employee Benefits	1,000	1,000,000
	Inland Marine	250	374,572
	Boilers and Machinery	500	1,000,000
	Vehicles		1,000,000
	Comprehensive	100	
	Collision	250	
	Fire Errors and Omissions	0	1,000,000
United National Insurance Co.	Umbrella Liability	10,000	4,000,000
			per occurrence/ annual aggregate
Acceptance Insurance Co.	Police	5,000	1,000,000
			per occurrence/ annual aggregate
	Public Officials	5,000	2,000,000
			per occurrence/ annual aggregate

The City participates in the Ohio Municipal League public entity insurance purchasing pool for workers' compensation (see Note 2). The Group Rating Plan is administered by the Gates McDonald Company. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

**CITY OF GENEVA, OHIO**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

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**NOTE 22 - CONTINGENCIES**

**A. LITIGATION**

During 1995, the City of Geneva was designated by the United States Environmental Protection Agency as a “Potentially Responsible Party” for the Geneva City Dump Site cleanup. In 1999, the City paid \$-0- for this clean-up, and has paid \$266,519 to date. Legal counsel for the City and the City Manager believe the City will have to pay an additional \$210,000 for this clean-up. Accordingly, this amount, less the amount paid in January 2000, has been recorded as a liability in the General Long-Term Obligations Account Group.

The City is also involved in eminent domain proceedings against the Consumer Ohio Water Company.

**B. FEDERAL AND STATE GRANTS**

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor of their representative. As of December 31, 1999, the audits of certain of these programs have not been completed. Accordingly, the City’s compliance with applicable grant requirements will be established at some future date.

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**CITY OF GENEVA, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Disbursements
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
HOME Investment Partnerships Program	14.239	A-C-98-126-2	\$ 325,150
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grant/State's Program - Community Housing Improvement Program	14.228	A-C-98-126-1	86,201
Revolving Loan Funds	14.219	N/A	<u>4,137</u>
Total U.S. Department of Housing and Urban Development			<u>415,488</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Public Safety Partnerships and Community Policing Grants - Community Oriented Policing Services (COPS) COPS More COPS Small Community Grant Program	16.710 16.710 16.710	95-DM-BX-0174 98-CM-WX-1244 98-CG-WX-0656	13,938 64,854 28,086
Total U.S. Department of Justice			<u>106,878</u>
Total Expenditures of Federal Awards			<u>\$ 522,366</u>

See accompanying notes to the general-purpose financial statements

**CITY OF GENEVA, OHIO**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the City's federal grant programs.

NOTE B - CDBG REVOLVING LOAN FUNDS

The City of Geneva has federal loan balances that are revolving loans provided through the HUD Community Development Block Grants. The total of outstanding loan balances as of December 31, 1999, was \$71,747. This amount was included as part of the federal disbursements by the City in determining the audit requirements for major and nonmajor programs in accordance with the OMB Circular A-133.



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

Members of Council  
City of Geneva  
Geneva, Ohio

We have audited the financial statements of the City of Geneva, Ohio, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Geneva's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City of Geneva in a separate letter dated April 28, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Geneva's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Geneva in a separate letter dated April 28, 2000.



Members of Council

City of Geneva

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

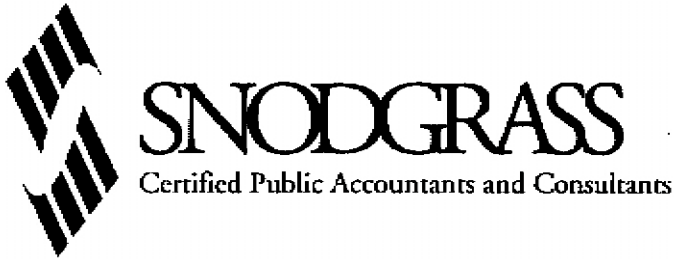
Page 2

This report is intended for the information of management, members of Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio

April 28, 2000



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of Council  
City of Geneva  
Geneva, Ohio

Compliance

We have audited the compliance of the City of Geneva, Ohio, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The City of Geneva's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Geneva's management. Our responsibility is to express an opinion on the City of Geneva's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Geneva's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Geneva's compliance with those requirements.

In our opinion, the City of Geneva complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City of Geneva in a separate letter dated April 28, 2000.

Internal Control Over Compliance

The management of the City of Geneva is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Geneva's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving the internal control over compliance and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended for the information of management, members of Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*S. R. Snodgrass, A.C.*

Ashtabula, Ohio  
April 28, 2000

**CITY OF GENEVA, OHIO  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

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Section I – Summary of Auditor’s Results

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*Financial Statements*

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes     X no
- Reportable condition(s) identified  
that are not considered to be  
material weaknesses? \_\_\_\_\_yes     X none reported
- Noncompliance material to financial  
statements noted? \_\_\_\_\_yes     X no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes     X no
- Reportable condition(s) identified  
that are not considered to be material  
weakness(es)?  X yes    \_\_\_\_\_none reported

Type of auditor’s report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133?     X yes    \_\_\_\_\_no

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
14.228	CDBG/State’s Program
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish  
between type A and B programs:     \$ 300,000

Auditee qualified as low-risk auditee?    \_\_\_\_\_yes     X no

**CITY OF GENEVA, OHIO**  
SCHEDULE OF FINDINGS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 1999

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Section II – Financial Statement Findings

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No findings were reported.

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Section III – Federal Award Findings

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U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

99-1 HOME Investment Partnerships Program - CFDA No. 14.239; Grant Number A-C-98-126-2; grant period - year ended December 31, 1999.

Reportable Condition

Criteria: Eligibility criteria are established in Grant application and HUD guidelines. These guidelines specify that the homeowner's household income must be within the median income range to be eligible for home buying assistance.

Condition: In a test of three applications out of eight total, one household was below the required income level.

Effect of Condition: This resulted in noncompliance and possible questioned costs.

Questioned Costs: None.

Cause of Condition: Eligibility was being determined by a consultant. No one reviewed it further.

Perspective Information: The cost was minor and it was an isolated case.

Recommendation: A policy should be implemented to require that eligibility is reviewed by a second person.

Response: The City relied on the consulting firm but in the future will be doing all its own eligibility determinations. This should not happen again.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF GENEVA**

**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  
AUGUST 8, 2000**