



**VILLAGE OF GENOA
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF GENOA
OTTAWA COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Genoa
Ottawa County
509 Main Street
Genoa, Ohio 43430-1673

To the Village Council:

We have audited the accompanying financial statements of the Village of Genoa, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 8, the Village changed the fund type classification of the Sewer Capital Improvement Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 22, 2000

**VILLAGE OF GENOA
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$59,888	\$723,564			\$783,452
Special Assessments				\$25,846	25,846
Intergovernmental Receipts	134,286	159,548		296,492	590,326
Charges for Services	341	20,673			21,014
Fines, Licenses, and Permits	10,975	832			11,807
Earnings on Investments	197,682				197,682
Miscellaneous	11,236	30,318			41,554
Total Cash Receipts	<u>414,408</u>	<u>934,935</u>		<u>322,338</u>	<u>1,671,681</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	210,028				210,028
Public Health Services	4,971				4,971
Leisure Time Activities		22,344			22,344
Community Environment	15,133	60,244			75,377
Transportation		100,513			100,513
General Government	180,239	37,727			217,966
Debt Service:					
Principal Payments			\$29,561	4,000	33,561
Interest Payments			71,729	395	72,124
Capital Outlay	102,705	71,527		669,743	843,975
Total Cash Disbursements	<u>513,076</u>	<u>292,355</u>	<u>101,290</u>	<u>674,138</u>	<u>1,580,859</u>
Total Receipts Over/(Under) Disbursements	<u>(98,668)</u>	<u>642,580</u>	<u>(101,290)</u>	<u>(351,800)</u>	<u>90,822</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	342,030	104,352	225,332	506,509	1,178,223
Transfers-Out	(245,840)	(693,529)	(7,227)	(97,985)	(1,044,581)
Other Sources	35,027	39			35,066
Other Uses	(8,785)				(8,785)
Total Other Financing Receipts/(Disbursements)	<u>122,432</u>	<u>(589,138)</u>	<u>218,105</u>	<u>408,524</u>	<u>159,923</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,764	53,442	116,815	56,724	250,745
Fund Cash Balances, January 1	599,229	282,849	185	686,417	1,568,680
Fund Cash Balances, December 31	<u>\$622,993</u>	<u>\$336,291</u>	<u>\$117,000</u>	<u>\$743,141</u>	<u>\$1,819,425</u>
Reserves for Encumbrances, December 31	<u>\$4,256</u>	<u>\$574</u>			<u>\$4,830</u>

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

**VILLAGE OF GENOA
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,263,981
Miscellaneous	8,235
	2,272,216
Operating Cash Disbursements:	
Personal Services	603,415
Fringe Benefits	12,561
Contractual Services	149,509
Supplies and Materials	240,939
Capital Outlay	1,505,428
	2,511,852
Operating Loss	(239,636)
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	2,250,000
Other Non-Operating Receipts	85,001
	2,335,001
Non-Operating Cash Disbursements:	
Interest and Fiscal Expense	33,182
Principal Payments	11,178
	44,360
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	2,095,365
Transfers-In	53,941
Transfers-Out	(187,583)
Net Receipts Over/(Under) Disbursements	1,917,363
Fund Cash Balances, January 1	932,563
Fund Cash Balances, December 31	\$2,849,926
Reserve for Encumbrances, December 31	\$416,120

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

**VILLAGE OF GENOA
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$57,113	\$658,533			\$715,646
Special Assessments				\$62,552	62,552
Intergovernmental Receipts	127,839	78,081		18,720	224,640
Charges for Services	3,900	15,191			19,091
Fines, Licenses, and Permits	9,203				9,203
Earnings on Investments	89,340				89,340
Miscellaneous	7,969	18,079			26,048
Total Cash Receipts	<u>295,364</u>	<u>769,884</u>		<u>81,272</u>	<u>1,146,520</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	205,154	55,374			260,528
Public Health Services	4,212				4,212
Leisure Time Activities		50,000			50,000
Community Environment	2,289	4,248			6,537
Transportation		146,904			146,904
General Government	135,079	25,886			160,965
Debt Service:					
Principal Payments			\$30,458	4,000	34,458
Interest Payments			79,510	1,185	80,695
Capital Outlay	51,074	19,566		152,972	223,612
Total Cash Disbursements	<u>397,808</u>	<u>301,978</u>	<u>109,968</u>	<u>158,157</u>	<u>967,911</u>
Total Receipts Over/(Under) Disbursements	<u>(102,444)</u>	<u>467,906</u>	<u>(109,968)</u>	<u>(76,885)</u>	<u>178,609</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	254,318	162,500	102,090	418,199	937,107
Transfers-Out	(195,500)	(525,403)		(184,614)	(905,517)
Other Sources	31,553	308			31,861
Other Uses	(1,345)				(1,345)
Total Other Financing Receipts/(Disbursements)	<u>89,026</u>	<u>(362,595)</u>	<u>102,090</u>	<u>233,585</u>	<u>62,106</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,418)	105,311	(7,878)	156,700	240,715
Fund Cash Balances, January 1	612,647	177,538	8,063	529,717	1,327,965
Fund Cash Balances, December 31	<u>\$599,229</u>	<u>\$282,849</u>	<u>\$185</u>	<u>\$686,417</u>	<u>\$1,568,680</u>
Reserves for Encumbrances, December 31	\$5,886	\$819			\$6,705

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

**VILLAGE OF GENOA
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,151,756
Miscellaneous	3,572
	2,155,328
Operating Cash Disbursements:	
Personal Services	467,679
Fringe Benefits	7,052
Contractual Services	143,165
Supplies and Materials	221,081
Capital Outlay	1,169,929
	2,008,906
Operating Income	146,422
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	46,288
Non-Operating Cash Disbursements:	
Interest and Fiscal Expense	31,160
Principal Payments	9,840
	41,000
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	192,710
Transfers-In	143,092
Transfers-Out	(174,682)
Net Receipts Over/(Under) Disbursements	120,120
Fund Cash Balances, January 1	812,443
Fund Cash Balances, December 31	\$932,563
Reserve for Encumbrances, December 31	\$71,546

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

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Genoa, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services

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

Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3)

The Village is a participant with thirteen subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3) was created for that purpose. On dissolution of the joint venture, the net assets of the JV3 will be shared by the participants on a percentage basis. The JV3 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the Village remitted \$1,247 and \$1,248 for 1999 and 1998, respectively, to the joint venture. The Village recovers these costs through charges to customers. The Village of Genoa's net investment and its share of the operating results of JV3 ownership share of the project is 2.19 percent. Complete financial statements for JV3 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village's Administrator.

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The Village is a participant with forty-two other municipalities within the State of Ohio in a joint venture to construct a hydroelectric power plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On the dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$147,815,000 certificates of beneficial interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the Village remitted \$147,552 and \$143,682 for 1999 and 1998, respectively, to the joint venture. The Village of Genoa's net investment and its share of the operating results of JV5 ownership share of the project is 0.69 percent. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081 or from the Village's Administrator. Each member is required to make debt service payments for the project based on their percentage of ownership. Payment began in 1994. The Village recovers these costs through charges to customers. The Village of Genoa's share of the debt service is as follows:

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

<u>Year ending December 31:</u>	<u>Participant Principal</u>	<u>Participant Interest</u>	<u>Participant Debt Service</u>
2000	\$20,596	\$54,198	\$74,794
2001	21,597	53,182	74,779
2002	22,632	52,090	74,722
2003	23,770	50,930	74,700
2004	24,978	49,699	74,677
Subsequent	<u>906,349</u>	<u>575,005</u>	<u>1,481,354</u>
Total	<u>\$1,019,922</u>	<u>\$835,104</u>	<u>\$1,855,026</u>

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and repurchase agreements are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

VILLAGE OF GENOA
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Parks and Recreation Fund - This fund receives tax and fee revenue for constructing, maintaining and operating Veterans Memorial park.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Waterworks Bonds Fund - This fund received transfers used to pay interest and principal on mortgage revenue bonds.

OWDA Sewer Plant Fund - This fund received transfers from income tax proceeds used to pay the interest and principal on the OWDA loan for the wastewater treatment plant.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Improvements Fund - This fund receives monies for various capital projects of the Village

Sewer Capital Improvements Fund - This fund received transfers in used for various improvements to the Village's sewer system.

Sewer Separation Fund - This fund received special assessment money for the Village's Phase X sewer system.

Issue II - This fund was set up to account for the Village's Issue II projects.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

The Ohio Revised Code requires that each fund be budgeted annually.

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$1,880,027	\$1,474,423
Certificates of deposit	2,036,531	1,026,720
Cash on hand	350	100
	<u>3,916,908</u>	<u>2,501,243</u>
Total deposits	<u>3,916,908</u>	<u>2,501,243</u>
Repurchase Agreement	<u>752,443</u>	<u> </u>
Total deposits and investments	<u><u>\$4,669,351</u></u>	<u><u>\$2,501,243</u></u>

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: The repurchase agreements are held in book-entry form by the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$597,375	\$791,465	\$194,090
Special Revenue	883,558	1,039,327	155,769
Debt Service	269,549	269,692	143
Capital Projects	1,673,450	828,847	(844,603)
Enterprise	4,534,282	4,661,158	126,876
Total	\$7,958,214	\$7,590,489	(\$367,725)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$840,586	\$771,957	\$68,629
Special Revenue	1,068,852	986,458	82,394
Debt Service	269,692	152,876	116,816
Capital Projects	2,066,533	772,123	1,294,410
Enterprise	4,978,090	3,159,915	1,818,175
Total	\$9,223,753	\$5,843,329	\$3,380,424

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$497,065	\$581,235	\$84,170
Special Revenue	814,772	932,692	117,920
Debt Service	155,229	143,090	(12,139)
Capital Projects	614,788	499,471	(115,317)
Enterprise	2,049,493	2,344,708	295,215
Total	\$4,131,347	\$4,501,196	\$369,849

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$829,841	\$600,539	\$229,302
Special Revenue	977,583	828,200	149,383
Debt Service	158,210	150,968	7,242
Capital Projects	792,671	342,771	449,900
Enterprise	2,571,042	2,296,134	274,908
Total	\$5,329,347	\$4,218,612	\$1,110,735

4. PROPERTY TAX

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

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

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

5. DEBT

In addition to the obligation described in Note 1, debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$918,973	6.32-6.58%
General Obligation Notes	2,250,000	3.4-3.6%
Mortgage Revenue Bonds	938,000	9.875-12.875%
Total	\$4,106,973	

The Ohio Water Development Authority (OWDA) loans relates to wastewater treatment improvements and a waterline. The OWDA has approved up to \$411,557 in loans to the Village for the wastewater treatment project. The OWDA has approved up to \$550,234 and \$55,065 in loans to the Village for the waterline project. The loan for the wastewater treatment project will be repaid in semiannual installments of \$18,795, including interest, over 20 years. The loans for the waterline projects will be repaid in semiannual installments of \$22,180, including interest, over 25 years and \$2,259, including interest, over 24 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

The General Obligation Notes relate to electric and water system improvements. The Electric System Improvement Bond Anticipation Note was issued for \$1,400,000 to provide interim financing for the construction and improvement of substations which are, or are to be, used in the Village of Genoa's electric system. The Water System Improvement Bond Anticipation Note was issued for \$850,000 to pay the cost of acquiring, constructing, and installing improvements to the municipal water system, including a water tower. Both issues mature in March 2000, and have been rolled over.

Mortgage revenue bonds were for waterworks improvements. Property and revenues of the Village of Genoa's waterworks have been pledged to repay these debts.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>Mortgage Revenue Bonds</u>
2000	\$86,468	\$63,900
2001	86,468	64,050
2002	86,468	64,150
2003	86,468	64,200
2004	86,468	64,200
Subsequent	<u>1,179,376</u>	<u>1,409,450</u>
Total	<u>\$1,611,716</u>	<u>\$1,729,950</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Valuable papers records
- Business electronic equipment

**VILLAGE OF GENOA
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

- Inland marine
- Boiler and machinery
- Crime

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. RESTATEMENT OF PRIOR YEAR FUND BALANCE

To provide a more accurate representation of fund classification, the Village reclassified the Sewer Capital Improvement Fund from an Enterprise Fund Type to a Capital Project Fund Type. This change had the following effects on the fund balance as it was previously reported as of December 31, 1997.

	Capital Project	Enterprise
Fund Balance as Previously Reported	\$187,123	\$1,155,037
Restatement of Enterprise Fund Type	342,594	(342,594)
Restatement December 31, 1997	\$529,717	\$812,443

9. LOCAL INCOME TAX

This locally levied tax of one and one-half percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Genoa and to earnings of non-residents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within Genoa. The tax receipts are initially credited to the Income Tax Fund and amounted to \$683,733 in 1999 and \$619,952 in 1998. These monies are then transferred by ordinance to the General, Permanent Improvement, and Sewer Improvement Fund.

10. CONTRACT COMMITMENTS

At December 31, 1999, the Village had the following contractual commitments:

Project	Fund	Contract Amount	Paid as of 12/31/99	Balance of Contract
Storage Tank Construction	Capital Improvements	\$630,000	\$91,143	\$538,857



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Genoa
Ottawa County
509 Main Street
Genoa, Ohio 43430-1673

To the Village Council:

We have audited the accompanying financial statements of the Village of Genoa, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated December 22, 2000, in which we noted the Village changed the fund type classification of the Sewer Capital Improvement Fund. We conducted our audits 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 Village'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30162-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated December 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village'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 Village in a separate letter dated December 22, 2000.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 22, 2000

**VILLAGE OF GENOA
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30162-001

Finding for Recovery

George Adams, Village Administrator of the Village of Genoa, Ottawa County, received two checks for the pay period ending June 13, 1998, check number 12094 for \$1,730.77 and check number 12151 for \$2,070. Per Ordinance 34-98, the village administrator's bi-weekly salary in effect as of June 13, 1998, was \$2,070, therefore, check number 12151 is proper compensation. The Village Administrator received check number 13002 for \$3,260.25 for pay period ending March 17, 1999 for vacation accrual per notation on check stub. The aforementioned payments were made without approval of the legislative body.

The Village Administrator's contract does not address payments for accrued but unused vacation. Additionally, there is no village ordinance approving payment for the Village Administrator's accrued but unused vacation. Moreover, there is no village policy providing for payments for accrued but unused vacation. Lastly, though not directly relevant in light of the absence of a policy, it is notable that there are no records of the Village Administrator's vacation time usage documenting how much vacation time had been used during the audit period.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery is hereby issued against Russell Motter, Village of Genoa Clerk-Treasurer, and George Adams, Village Administrator, and Ohio Government Risk Management Plan of the State of Ohio, the bonding company, jointly and severally, and in favor of the Village of Genoa's Water, Sewer, and Electric Fund, in the amount of four thousand, nine hundred ninety-one dollars and two cents.



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

VILLAGE OF GENOA

OTTAWA 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
JANUARY 18, 2001**