



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF GENOA  
OTTAWA COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Genoa  
Ottawa County  
102 East Sixth Street  
Genoa, Ohio 43430-1600

To the Village Council:

We have audited the accompanying financial statements of the Village of Genoa (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As 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, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village of Genoa, taken as a whole. The accompanying Schedule of Federal Awards Expenditures 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 2, 2002

**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, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$114,021	\$746,877			\$860,898
Intergovernmental Receipts	121,910	86,385		\$775,598	983,893
Charges for Services	1,500	23,716			25,216
Fines, Licenses, and Permits	17,107				17,107
Earnings on Investments	156,041				156,041
Miscellaneous	5,430	34,295			39,725
	<b>416,009</b>	<b>891,273</b>		<b>775,598</b>	<b>2,082,880</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	260,272				260,272
Public Health Services	5,230				5,230
Leisure Time Activities		58,061			58,061
Community Environment	5,633	386		409,762	415,781
Transportation		118,821			118,821
General Government	236,168	39,887			276,055
Debt Service:					
Principal Payments			\$30,635		30,635
Interest Payments			207,425		207,425
Capital Outlay	42,681	28,457		1,364,055	1,435,193
	<b>549,984</b>	<b>245,612</b>	<b>238,060</b>	<b>1,773,817</b>	<b>2,807,473</b>
Total Receipts Over/(Under) Disbursements	<b>(133,975)</b>	<b>645,661</b>	<b>(238,060)</b>	<b>(998,219)</b>	<b>(724,593)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Bonds or Notes					
Transfers-In	511,764	57,500	181,901	713,918	1,465,083
Other Financing Sources	78,565	1,914		1,637	82,116
Transfers-Out	(691,137)	(858,352)			(1,549,489)
Other Financing Uses	(63,861)	(17,990)			(81,851)
	<b>(164,669)</b>	<b>(816,928)</b>	<b>181,901</b>	<b>715,555</b>	<b>(84,141)</b>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	<b>(298,644)</b>	<b>(171,267)</b>	<b>(56,159)</b>	<b>(282,664)</b>	<b>(808,734)</b>
Fund Cash Balances, January 1	522,835	265,676	71,610	864,029	1,724,150
<b>Fund Cash Balances, December 31</b>	<b>\$224,191</b>	<b>\$94,409</b>	<b>\$15,451</b>	<b>\$581,365</b>	<b>\$915,416</b>
Reserves for Encumbrances, December 31	\$13,256	\$3,073		\$5,776	\$22,105

*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, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,397,452
Miscellaneous	600
	2,398,052
<b>Operating Cash Disbursements:</b>	
Personal Services	639,460
Transportation	7,255
Contractual Services	142,336
Supplies and Materials	273,510
Capital Outlay	1,695,298
	2,757,859
Total Operating Cash Disbursements	2,757,859
Operating Loss	(359,807)
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	329
Miscellaneous	5,640
Proceeds from Notes and Bonds	5,150,000
Other Non-Operating Receipts	72,726
	5,228,695
Total Non-Operating Cash Receipts	5,228,695
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	2,750,000
Other Non-Operating Cash Disbursements	388,576
	3,138,576
Total Non-Operating Cash Disbursements	3,138,576
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	1,730,312
Transfers-In	266,308
Transfers-Out	(181,901)
	1,814,719
Net Receipts Over Disbursements	1,814,719
Fund Cash Balances, January 1	1,550,873
	1,550,873
<b>Fund Cash Balances, December 31</b>	<b>\$3,365,592</b>
Reserve for Encumbrances, December 31	\$54,044
	\$54,044

*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, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$66,252	\$751,899			\$818,151
Intergovernmental Receipts	170,013	102,719		\$203,364	476,096
Charges for Services	554	16,223			16,777
Fines, Licenses, and Permits	7,325				7,325
Earnings on Investments	222,666				222,666
Miscellaneous	8,964	23,088			32,052
	<b>475,774</b>	<b>893,929</b>		<b>203,364</b>	<b>1,573,067</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	237,882				237,882
Public Health Services	5,000				5,000
Leisure Time Activities		136,999			136,999
Community Environment	15,559			106,209	121,768
Transportation		127,353			127,353
General Government	173,847	47,976			221,823
Debt Service:					
Principal Payments			\$43,336		43,336
Interest Payments			183,332		183,332
Capital Outlay	105,721	29,172		409,582	544,475
	<b>538,009</b>	<b>341,500</b>	<b>226,668</b>	<b>515,791</b>	<b>1,621,968</b>
Total Receipts Over/(Under) Disbursements	<b>(62,235)</b>	<b>552,429</b>	<b>(226,668)</b>	<b>(312,427)</b>	<b>(48,901)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	324,888	78,861	407,495	520,854	1,332,098
Other Financing Sources	58,954	990		50	59,994
Transfers-Out	(401,708)	(702,895)	(226,217)	(87,589)	(1,418,409)
Other Financing Uses	(20,057)				(20,057)
	<b>(37,923)</b>	<b>(623,044)</b>	<b>181,278</b>	<b>433,315</b>	<b>(46,374)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<b>(100,158)</b>	<b>(70,615)</b>	<b>(45,390)</b>	<b>120,888</b>	<b>(95,275)</b>
Fund Cash Balances January 1	622,993	336,291	117,000	743,141	1,819,425
<b>Fund Cash Balances, December 31</b>	<b>\$522,835</b>	<b>\$265,676</b>	<b>\$71,610</b>	<b>\$864,029</b>	<b>\$1,724,150</b>
Reserves for Encumbrances, December 31	<b>\$7,114</b>	<b>\$832</b>			<b>\$7,946</b>

*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, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,260,965
Miscellaneous	1,000
	<u>2,261,965</u>
Total Operating Cash Receipts	<u>2,261,965</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	585,487
Transportation	10,020
Contractual Services	131,875
Supplies and Materials	259,237
Capital Outlay	2,924,988
	<u>3,911,607</u>
Total Operating Cash Disbursements	<u>3,911,607</u>
Operating Loss	<u>(1,649,642)</u>
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous	6,462
Proceeds from Notes and Bonds	4,150,000
Other Non-Operating Receipts	39,033
	<u>4,195,495</u>
Total Non-Operating Cash Receipts	<u>4,195,495</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	3,650,000
Other Non-Operating Cash Disbursements	281,217
	<u>3,931,217</u>
Total Non-Operating Cash Disbursements	<u>3,931,217</u>
Excess of Disbursements Over Receipts Before Interfund Transfers and Advances	(1,385,364)
Transfers-In	456,217
Transfers-Out	(369,906)
	<u>(1,299,053)</u>
Net Disbursements Over Receipts	(1,299,053)
Fund Cash Balances, January 1	<u>2,849,926</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$1,550,873</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$21,240</u></u>

*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, 2001 AND 2000**

**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 water, sewer, refuse and electric utilities, park operations (Leisure Time Activities), and police services (security of Persons and Property).

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 monthly payments back to the joint venture for their portion. 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. This joint venture was sold in December 2000, with the participants being reimbursed their applicable shares.

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village is a participant with thirty-six subdivisions within the State of Ohio in a joint venture for the costs of acquisition, construction and installation of the distributive generation to provide supplemental reserve electric power to the participants on a cooperative basis. Of the 36 participants, 16 are financing participants and 20 are non-financing participants. The financing participants will pay their portion to a debt service reserve fund on a monthly basis and the non-financing participants will pay their portion in a lump sum cash payment. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose and includes the buyout of the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3). On dissolution of the joint venture, the net assets of the JV2 will be shared by the participants on a percentage basis. The JV2 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 \$50,260,000 bonds, by which a monthly payment is made to fund the debt service reserve fund for those financing participants. In accordance with the joint venture agreement, the Village remitted monthly payments in the amount of \$7,224 for their portion in 2001 as a financing participant for the debt service reserve fund. The Village recovers these costs through charges to customers. The Village of Genoa's net investment and its share of the operating results of JV2 ownership share of the project is .19 percent. Complete financial statements for JV2 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village's Administrator.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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 the 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 \$131,036 and \$134,192 for 2001 and 2000, 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 .69 percent. Complete financial statements for JV5 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, 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:

<u>Year ending December 31:</u>	<u>JV2 Bonds</u>	<u>JV5 Bonds</u>
2002	\$7,224	\$75,288
2003	7,585	75,295
2004	7,586	75,314
2005	7,580	75,282
2006	7,578	75,286
Subsequent	113,718	1,355,319
Total	<u>\$151,271</u>	<u>\$1,731,784</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**

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.

Certificates of deposit and repurchase agreements are valued at cost.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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 Fund**

These funds are used to account for proceeds from specific sources (other than 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.

*Parks and Recreation Fund* - This fund receives local taxes and other revenues to provide leisure time activities to Village residents.

**3. Debt Service Fund**

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.

*Electrical System Improvement Notes Fund* - This fund received transfers to pay interest and principal on bond anticipation notes.

**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 transfers in from the Local Income Tax Fund for various capital projects of the Village.

*Sewer Capital Improvements Fund* - This fund receives transfers in from the Local Income Tax Fund for various improvements to the Village's sewer system.

*Issue II Fund* - This fund receives proceeds from the Ohio Public Works Commission for portion of the Issue II projects.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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:

	2001	2000
Demand deposits	\$2,176,820	\$734,043
Certificates of deposit	1,882,931	2,114,049
Total deposits	4,059,751	2,848,092
Repurchase agreements	221,257	426,931
Total deposits and investments	\$4,281,008	\$3,275,023

At December 31, 2001 and 2000, the Village held \$221,257 and \$426,931 in a repurchase agreement. Such securities are not eligible investments for the Village under Ohio law, because the Village has not adopted and filed an investment policy with the Auditor of State's office. Also, the Village did not obtain depository contracts with their financial institutions as required by Ohio Revised Code § 135.12.

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**Investments:** The securities underlying repurchase agreements are held in the name of 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, 2001 and 2000 as follows:

Fund Type	2001 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$863,875	\$1,006,338	\$142,463
Special Revenue	959,700	950,687	(9,013)
Debt Service	273,077	181,901	(91,176)
Capital Projects	1,705,777	1,491,153	(214,624)
Enterprise	5,661,500	7,893,055	2,231,555
Total	\$9,463,929	\$11,523,134	\$2,059,205

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,365,714	\$1,318,238	\$47,476
Special Revenue	1,159,374	1,125,027	34,347
Debt Service	248,410	238,060	10,350
Capital Projects	2,185,101	1,779,593	405,508
Enterprise	6,637,302	6,132,380	504,922
<b>Total</b>	<b>\$11,595,901</b>	<b>\$10,593,298</b>	<b>\$1,002,603</b>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$680,475	\$859,616	\$179,141
Special Revenue	952,555	973,780	21,225
Debt Service	458,233	407,495	(50,738)
Capital Projects	1,945,337	724,268	(1,221,069)
Enterprise	3,001,839	6,913,677	3,911,838
<b>Total</b>	<b>\$7,038,439</b>	<b>\$9,878,836</b>	<b>\$2,840,397</b>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,098,081	\$966,888	\$131,193
Special Revenue	1,128,646	1,045,227	83,419
Debt Service	465,224	452,885	12,339
Capital Projects	2,563,057	603,380	1,959,677
Enterprise	5,745,015	8,233,970	(2,488,955)
<b>Total</b>	<b>\$11,000,023</b>	<b>\$11,302,350</b>	<b>(\$302,327)</b>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Electric Bond Fund by \$1,680, Water Fund by \$730,954 and Electric Fund by \$1,946,674 for the year ended December 31, 2000.

Contrary to Ohio law, fiscal year 2000 budgetary appropriations exceeded budgetary estimated resources in the Major Projects Fund by \$101,822, Issue II Fund by \$425,446, CDBG Downtown Project Fund by \$37,000, Water Fund by \$635,934 and Electric Fund by \$1,616. In 2001, budgetary appropriations exceeded budgetary estimated resources in the Capital Improvement Fund by \$34,234.



**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$821,037	6.32%
General Obligation Notes	5,150,000	2.25-3.60%
Mortgage Revenue Bonds	<u>903,000</u>	5%
Total	<u>\$6,874,037</u>	

The Ohio Water Development Authority (OWDA) loans relate to a wastewater treatment improvements and a waterline improvement. The OWDA has approved up to \$411,557 in a loan to the Village for the wastewater treatment project. The OWDA has approved up to \$550,234 and \$10,963 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 improvements projects will be repaid in semiannual installments of \$22,180, including interest, over 25 years and \$450, including interest, over 24 years. The scheduled payment amount will be adjusted to reflect any revisions in amounts actually borrowed or on deposit as a credit with OWDA. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

The General Obligation Notes relates to electric and water system improvements. The Electric System Improvement Bond Anticipation Notes were issued for \$2,200,000 to provide interim financing for the construction and improvements of substations and electrical upgrades which are, or are to be, used in the Village of Genoa's electric system. The Electric System Generation Bond Anticipation Notes were issued for \$2,100,000 to provide interim financing for the construction and purchase of electric generators and a related land purchase which are, or are to be, used in the Village of Genoa's electric system. Excess electric produced from the generators will be sold to AMP-Ohio.

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

As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2001 is \$63,949.

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>
2002	\$82,849	\$64,150
2003	82,849	64,200
2004	82,849	64,200
2005	82,849	64,150
2006	82,849	64,050
2007 - 2011	414,246	319,850
2012 - 2016	339,067	320,050
2017 - 2021	203,670	320,200
2022 - 2026		321,150
Total	<u>\$1,371,228</u>	<u>\$1,602,000</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated nonprofit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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VILLAGE OF GENOA  
OTTAWA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Disbursements</u>
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**UNITED STATES DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT**

*Passed Through Ohio Department of Development:*

Community Development Block Grant -

Small Cities Program

C-T-98-353-1

14.228

\$314,077

*The accompanying notes are an integral part of this schedule.*

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require that the Village or private business owners contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

Village of Genoa  
Ottawa County  
102 East Sixth Street  
Genoa, Ohio 43430-1600

To the Village Council:

We have audited the financial statements of the Village of Genoa (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30162-001 through 2001-30162-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 2, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-30162-006 and 2001-30162-007.

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. Our consideration of the internal control over financial reporting 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 none of the reportable conditions described above is a material weakness. We also 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 May 2, 2002.

This report is intended for the information and use of the audit committee, management, Village Council, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 2, 2002





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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Genoa  
Ottawa County  
102 East Sixth Street  
Genoa, Ohio 43430-1600

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Genoa (the Village) 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 its major federal program for the year ended December 31, 2001. The Village's major federal program is 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 its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings as item 2001-30162-008.

### Internal Control Over Compliance

The management of the Village 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 Village'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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Village Council, 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.



**Jim Petro**  
Auditor of State

May 2, 2002

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Small Cities Community Development Block Grant Program - CFDA No. 14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A Programs</b>	Type A: > \$ 300,000
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2001-30162-001**

**Noncompliance Citation**

Ohio Revised Code § 135.14 states that an investment or deposit cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following two exceptions:

- A. If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits or STAR Ohio.

**FINDING NUMBER 2001-30162-001  
(Continued)**

- B. A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board certifies to the Auditor of State that the treasurer or governing board will comply and is in compliance with the provisions of §§ 135.01 to 135.21.

The investment policy must be signed by:

- A. All entities conducting investment business with the treasurer or governing board (except the Treasurer of State);
- B. All brokers, dealers, and financial institutions, described in § 135.14(M)(1), initiating transactions with the treasurer or governing board by giving advice or making investment recommendations;
- C. All brokers, dealers, and financial institutions, described in § 135.14(M)(1), executing transactions initiated by the treasurer or governing board.

The Village entered into a repurchase agreement in 2000 and 2001 without a written investment policy filed with the Auditor of State, which limits their investments to only interim deposits and STAR Ohio as stated in the Revised Code.

**FINDING NUMBER 2001-30162-002**

**Noncompliance Citation**

Ohio Revised Code § 135.12 states that each governing board shall meet every five years on the third Monday or such regularly scheduled meeting date of the month next preceding the date of the expiration of its designation of depositories for the purpose of designating the public depositories of the public moneys of the subdivision, and at such meeting or any adjourned session thereof, shall designate such public depositories and award the public moneys of the subdivision to and among the public depositories so designated for the period of five years commencing on the date of the expiration of the next preceding designation. The designation and award shall be made in duplicate; one copy shall be retained by the governing board of the subdivision and one copy shall be certified to the treasurer.

The Village did not renew depository contracts with Genoa Savings & Loan and Genoa Bank after their depository contracts expired during our audit period. No depository contract was obtained from Sky Bank in 2000 and 2001. Management was advised that the failure to designate the applicable depositories for the Village's deposits and investments could result in the loss of the Village's deposits and investments if the banks were to default.

We recommend that the Village Council and Clerk/Treasurer obtain the applicable depository agreements and approve those agreements for their current deposits and investments. On March 21, 2002, the Village Clerk/Treasurer did present copies of depository agreements from the Genoa Banking Company and the Genoa Saving and Loan Company. However, these agreements have not been approved by the Village Council as of May 2, 2002.

**FINDING NUMBER 2001-30162-003**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (D) states that no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was appropriated and free of any encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate, if such certificate is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Council.

In 50% of the disbursement transactions we examined, the certification of availability of funds was not completed prior to the expenditures being incurred and neither of the exceptions allowed were used. The failure to certify the availability of funds in advance of expenditures being incurred could result in expenditures and encumbrances exceeding appropriations and possibly available resources. We recommend that the Clerk/Treasurer certify expenditures prior to the obligation being incurred. A Then and Now certificate should be used for an emergency or unforeseen expenditures.

**FINDING NUMBER 2001-30162-004**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. Ohio Revised Code § 5705.41(D) states no expenditures of money are to be made unless the fiscal officer certifies that the amount has been lawfully appropriated. We noted two funds where expenditures and encumbrances exceed appropriations; therefore the Clerk/Treasurer is not properly providing prior certification. Also, Auditor of State Bulletin 97-010 states that for note rollovers the local government is required to budget for the payment of the principal of the old note and should budget for the receipt of the proceeds of the new note. The Clerk/Treasurer did not record note payments and proceeds in the amount of \$3,650,000 and \$1,900,000 for 2000 and 2001, respectively.

As of December 31, 2000, the following funds had expenditures and encumbrances in excess of appropriations:

**FINDING NUMBER 2001-30162-004  
(Continued)**

<u>Name of Fund Type</u>	<u>Appropriations</u>	<u>Expenditures and Encumbrances</u>	<u>Variance</u>
Enterprise Funds:			
Water Fund	\$1,812,232	\$2,543,186	\$(730,954)
Electric Fund	3,247,786	5,194,460	(1,946,674)

The failure to limit spending to only those amounts approved by the Village Council could allow expenditures to exceed available resources and create deficit fund balances. The Clerk/Treasurer should monitor the budget to ensure that all expenditures and encumbrances have been appropriated.

We recommend that all funds be budgeted in accordance with budgetary laws to assist the Clerk/Treasurer in monitoring expenditures. We further recommend that the budgeting and recording of the Village's note rollovers be included in the budget approved by the Village Council and recorded by the Clerk/Treasurer on the Village's financial records.

**FINDING NUMBER 2001-30162-005**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission. The funds below were found to have appropriations in excess of the amount certified as available by the County Budget Commission for calendar years 2000 and 2001.

<u>Fund Type/Year</u>	<u>Appropriations</u>	<u>Amended Certificate</u>	<u>Variance</u>
<b>2000</b>			
Capital Projects Funds:			
Major Projects Fund	\$104,565	\$2,743	(\$101,822)
Issue II Fund	952,714	527,268	(425,446)
CDBG Downtown Grant Fund	403,219	366,219	(37,000)
Enterprise Funds:			
Water Fund	1,806,717	1,670,783	(135,934)
Electric Fund	2,840,278	2,838,662	(1,616)
<b>2001</b>			
Capital Projects Funds:			
Capital Improvements Fund	477,092	442,858	(34,234)

**FINDING NUMBER 2001-30162-005  
(Continued)**

The following funds had actual receipts that were not sufficient to permit the Village to obtain an amended certificate of estimated resources greater than or equal to the appropriations adopted: Major Projects Fund, Issue II Fund and CDBG Downtown Grant

This situation could allow the Village to overspend its funds if appropriations are not limited by the amended certificate. We recommend appropriation measures be compared to the latest amended certificate of estimated resources and modifications by the Clerk/Treasurer prior to submitting it to the County Auditor.

**FINDING NUMBER 2001-30162-006**

**Reportable Condition**

Employee personnel files did not contain hourly and/or salary notices.

Management was advised that the failure to maintain signed and approved hourly and salary rate notices in the employee personnel files, could result in employees being over or under paid for time worked.

We recommend that all personnel files should contain salary notices signed by the appropriate Village officials in accordance with the approved hourly and salary rate schedules approved by the Village Council.

**FINDING NUMBER 2001-30162-007**

**Reportable Condition**

In 39% of the payroll transactions tested, we noted errors in the numbers of hours paid per the payroll register versus the actual hours worked per the approved time cards. These errors noted were footing errors and errors from not docking employees for being late, as required by Village policy.

Management was advised that the failure to accurately calculate hours worked per the time cards to process the Village's payroll can result in over and/or under payments of compensation to the employees of the Village.

We recommend that both the Clerk/Treasurer and Village Administrator approve the time cards as to the accuracy of the hours worked before payroll checks have been prepared and distributed to the employees. This will further ensure that the personnel policies and procedures approved by the Village Council for compensation of the Village employees have been implemented.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

**Federal Disbursements**

<b>Finding Number</b>	2001-30162-008
<b>CFDA Title and Number</b>	Small Cities Community Development Block Grant Program - CFDA No. 14.228
<b>Federal Award Number / Year</b>	C-T-98-353-1 / 1998
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Noncompliance Finding**

OHCP Management Rules and Regulations Handbook, Section (A)(3)(f) states that grantees must develop a cash management system to ensure compliance with the “Fifteen Day Rule” relating to prompt disbursement of federal funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt of any funds.

The Village made two draw downs for expenditures of the CDBG Downtown Project totaling \$259,000, in which the Village did not expend the federal grant funds within the fifteen-day rule. Monies were not disbursed from 3 weeks to over 3 months after the federal funds had been received by the Village. Management was advised that the failure to expend the federal grant funds within the fifteen-day rule could result in the grantor agency to request the funds be returned to them for lack of compliance.



VILLAGE OF GENOA  
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30162-001	Village Administrator was paid for unused vacation time that was not part of the Village Administrator's contract with the Village	Finding was repaid.	Not Applicable





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**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  
JUNE 11, 2002**