

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

**FINANCIAL STATEMENTS
AND
AUDIT REPORTS**

**For The Years Ended
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Geneva on the Lake
4964 S. Spencer Street
Geneva on the Lake, Ohio 44041

We have reviewed the *Independent Auditor's Report* of the Village of Geneva on the Lake, Ashtabula County, prepared by S. R. Snodgrass, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 14, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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Village of Geneva on the Lake
Ashtabula County, Ohio

FINANCIAL STATEMENTS AND AUDIT REPORTS
For the Years Ended December 31, 2007 and 2006

Table of Contents

	<u>Page</u>
Independent Auditor's Report	2 & 3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2007	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes In Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2006	6
Combined Statement of Cash Receipts, Cash Disbursements and Changes In Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2006	7
Notes to Financial Statements	8 – 17
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18 & 19
Schedule of Findings	20 - 30
Schedule of Prior Audit Findings	31

Independent Auditor's Report

Members of Council
Village of Geneva on the Lake

We have audited the accompanying financial statements of Village of Geneva on the Lake, Ashtabula County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006. 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 described more fully in the Notes to the Financial Statements, the Village has prepared these financial statements using accounting practices prescribed or permitted by the Auditor of State of Ohio. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Geneva on the Lake, Ohio as of December 31, 2007 and 2006, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Geneva on the Lake, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in the Notes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2010, on our consideration of the Village of Geneva on the Lake, Ohio's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "S. R. Snodgrass, A.C.".

Ashtabula, Ohio
February 22, 2010

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 290,224	\$ 159,841	\$ 61,288	\$ -	\$ 511,353
Intergovernmental Receipts	110,250	97,757	-	40,532	248,539
Special Assessments	1,800	-	-	-	1,800
Charges for Service	9,390	-	-	-	9,390
Fines, Licenses, and Permits	40,363	5,358	-	-	45,721
Earnings on Investments	11,781	1,098	-	-	12,879
Miscellaneous	24,827	-	-	5,239	30,066
Total Cash Receipts	488,635	264,054	61,288	45,771	859,748
Cash Disbursements:					
Current:					
Security of Persons and Property	366,878	109,196	-	-	476,074
Public Health Services	-	3,608	-	-	3,608
Community Environment	-	750	-	-	750
Transportation	1,900	147,226	-	-	149,126
General Government	176,619	2,048	-	4,791	183,458
Debt Service:	-	-	-	-	-
Principal Payments	-	-	42,478	-	42,478
Interest Payments	-	-	25,778	-	25,778
Capital Outlay	-	-	-	413,784	413,784
Total Cash Disbursements	545,397	262,828	68,256	418,575	1,295,056
Total Receipts Over/(Under) Disbursements	(56,762)	1,226	(6,968)	(372,804)	(435,308)
Other Financing Receipts and (Disbursement):					
Other Debt Proceeds	-	-	-	349,500	349,500
Transfers-In	8,655	-	8,169	-	16,824
Transfers-Out	(72,000)	-	-	(26,443)	(89,788)
Advances-Out	-	-	-	-	-
Other Financing Sources	11,563	-	-	-	11,563
Other Financing Uses	-	-	-	(5,726)	(5,726)
Total Other Financing Receipts/(Disbursements)	(51,782)	-	8,169	317,331	282,373
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(108,544)	1,226	1,201	(55,473)	(161,590)
Fund Cash Balances, January 1	112,799	179,265	36,546	55,473	384,083
Fund Cash Balances, December 31	4,255	180,491	37,747	-	222,493
Reserves for Encumbrances, December 31	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 669,952	\$ -	\$ 669,952
Miscellaneous	109,449	-	109,449
Total Operating Cash Receipts	<u>779,401</u>	<u>-</u>	<u>779,401</u>
Operating Cash Disbursements:			
Personal Services	231,915	-	231,915
Fringe Benefits	58,964	-	58,964
Contractual Services	353,341	55	353,396
Supplies and Materials	217,666	-	217,666
Capital Outlay	21,404	-	21,404
Other	3,938	-	3,938
Total Operating Cash Disbursements	<u>887,228</u>	<u>55</u>	<u>887,283</u>
Operating (Loss)	<u>(107,827)</u>	<u>(55)</u>	<u>(107,882)</u>
Non-Operating Cash Receipts			
Property and Other Local Taxes	133,796	-	133,796
Other Non-Operating Receipts	7,592	-	7,592
Total Non-Operating Cash Receipts	<u>141,388</u>	<u>-</u>	<u>141,388</u>
Non-Operating Cash Disbursements:			
Debt Service	214,363	-	214,363
Total Non-Operating Cash Disbursements	<u>214,363</u>	<u>-</u>	<u>214,363</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(180,802)	(55)	(180,857)
Transfers-In	118,219	-	118,219
Transfers-Out	<u>(36,600)</u>	<u>-</u>	<u>(36,600)</u>
Net Receipts Over/(Under) Disbursements	(99,183)	(55)	(99,238)
Fund Cash Balances, January 1	<u>170,193</u>	<u>55</u>	<u>170,248</u>
Fund Cash Balances, December 31	<u>\$ 71,010</u>	<u>\$ -</u>	<u>\$ 71,010</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 457,014	\$ 174,652	\$ 42,465	\$ -	\$ 674,131
Intergovernmental Receipts	53,351	95,280	-	4,650	153,281
Charges for Service	12,508	-	-	-	12,508
Fines, Licenses, and Permits	57,815	7,862	-	-	65,677
Earnings on Investments	13,161	2,324	-	-	15,485
Miscellaneous	20,720	2,231	-	-	22,951
	<u>614,569</u>	<u>282,349</u>	<u>42,465</u>	<u>4,650</u>	<u>944,033</u>
Total Cash Receipts					
	<u>614,569</u>	<u>282,349</u>	<u>42,465</u>	<u>4,650</u>	<u>944,033</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	300,424	134,789	-	-	435,213
Public Health Services	-	3,835	-	-	3,835
Community Environment	-	-	-	-	-
Transportation	5,000	118,241	-	-	123,241
General Government	168,610	4,061	-	-	172,671
Debt Service:					
Principal Payments	-	3,237	20,853	-	24,090
Interest Payments	-	482	2,323	-	2,805
Capital Outlay	-	1,772	-	587,370	589,142
	<u>474,034</u>	<u>266,417</u>	<u>23,176</u>	<u>587,370</u>	<u>1,350,997</u>
Total Cash Disbursements					
	<u>474,034</u>	<u>266,417</u>	<u>23,176</u>	<u>587,370</u>	<u>1,350,997</u>
Total Receipts Over/(Under) Disbursements	140,535	15,932	19,289	(582,720)	(406,964)
Other Financing Receipts and (Disbursement):					
Other Debt Proceeds	-	-	-	554,473	554,473
Transfers-In	-	-	17,257	-	17,257
Transfers-Out	(46,257)	-	-	-	(46,257)
Advances-Out	(40,000)	-	-	-	(40,000)
Other Financing Sources	-	-	-	16,234	16,234
	<u>(86,257)</u>	<u>-</u>	<u>17,257</u>	<u>570,707</u>	<u>501,707</u>
Total Other Financing Receipts/(Disbursements)					
	<u>(86,257)</u>	<u>-</u>	<u>17,257</u>	<u>570,707</u>	<u>501,707</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,278	15,932	36,546	(12,013)	94,743
Fund Cash Balances, January 1, restated	58,521	163,333	-	67,486	289,340
Fund Cash Balances, December 31	112,799	179,265	36,546	55,473	384,083
Reserves for Encumbrances, December 31	<u>\$ 25,411</u>	<u>\$ 4,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,360</u>

The accompanying notes are an integral part of the financial statements.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 710,769	\$ -	\$ 710,769
Miscellaneous	118,227	-	118,227
Total Operating Cash Receipts	<u>828,996</u>	<u>-</u>	<u>828,996</u>
Operating Cash Disbursements:			
Personal Services	240,336	-	240,336
Fringe Benefits	59,597	-	59,597
Contractual Services	349,743	-	349,743
Supplies and Materials	162,830	-	162,830
Capital Outlay	70,178	-	70,178
Other	9,144	-	9,144
Total Operating Cash Disbursements	<u>891,828</u>	<u>-</u>	<u>891,828</u>
Operating (Loss)	<u>(62,832)</u>	<u>-</u>	<u>(62,832)</u>
Non-Operating Cash Receipts			
Property and Other Local Taxes	88,030	-	88,030
Other Debt Proceeds	54,174	-	54,174
Other Non-Operating Receipts	24,420	-	24,420
Total Non-Operating Cash Receipts	<u>166,624</u>	<u>-</u>	<u>166,624</u>
Non-Operating Cash Disbursements:			
Debt Service	197,922	-	197,922
Other Non-Operating Cash Disbursements	-	-	-
Total Non-Operating Cash Disbursements	<u>197,922</u>	<u>-</u>	<u>197,922</u>
Excess of Receipts Over/(Under) Disbursements			
Before Interfund Transfers and Advances	(94,130)	-	(94,130)
Transfers-In	29,000	-	29,000
Advance-In	40,000	-	40,000
Net Receipts (Under) Disbursements	<u>(25,130)</u>	<u>-</u>	<u>(25,130)</u>
Fund Cash Balances, January 1, Restated	<u>195,323</u>	<u>55</u>	<u>195,378</u>
Fund Cash Balances, December 31	<u>\$ 170,193</u>	<u>\$ 55</u>	<u>\$ 170,248</u>
Reserve for Encumbrances, December 31	<u>\$ 11,471</u>	<u>\$ -</u>	<u>\$ 11,471</u>

The accompanying notes are an integral part of the financial statements.

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Geneva on the Lake, Ashtabula 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 and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

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

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.

Deposits are valued at cost.

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.

The Village values money market mutual funds (including STAR Ohio) at share values the mutual funds report.

D. Fund Accounting

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

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

Fire Levy Fund – This fund receives property tax for operating the Village fire department.

Police Levy Fund – This fund receives property tax for operating the Village police department.

3. Capital Project Fund

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:

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

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

4. 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:

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Park Fund – This fund receives charges for services from customers to operate a municipal golf course.

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

Sanitation Fund – This fund receives charges for services from residents to cover the cost of providing this service.

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Fire Insurance Fund – This fund received insurance proceeds and expended funds to replace the loss.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

A summary of 2007 and 2006 budgetary activity appears in Note 5.

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. RESTATEMENT OF PRIOR YEAR FUND BALANCES

In prior audit periods, the Village made several errors in reconciling the cash accounts. The fund cash balances were overstated due to improper reporting of outstanding checks for the period ended December 31, 2005. Village Council authorized the correction of the errors in 2007; and the Fiscal Officer has updated the books.

Following is a summary of the fund balance cash restatements:

GOVERNMENTAL FUND TYPES		
	General	Special Revenue
Fund Cash Balance at 12/31/05, as previously stated	\$ 63,422	\$ 169,504
Correction of transfers	(4,901)	(6,171)
Fund Cash Balance at 12/31/05, restated	\$ 58,521	\$ 163,333
PROPRIETARY FUND TYPES		
	Sewer Operating	Park
Fund Cash Balance at 12/31/05, as previously stated	\$ 123,087	\$ (22,554)
Correction of advance	(2,895)	(2,501)
Fund Cash Balance at 12/31/05, restated	\$ 120,192	\$ (25,055)

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

3. ACCOUNTABILITY AND COMPLIANCE

Fund cash balances at December 31, 2007 and 2006 included the following individual fund deficit:

	December 31,	
	2007	2006
Park Enterprise Fund	\$ 15,935	\$ -
Police Levy Special Revenue Fund	8,212	-
Housing Rehab Capital Projects Fund	8,500	-
General Fund	4,400	-

The Village had complied with State law, which does not permit a cash basis deficit at year-end; however, at the same time, inadvertently violated State law governing transfers and advances.

4. 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, are as follows:

	2007	2006
Demand deposits	\$ 135,136	\$ 84,308
Investments:		
STAR Ohio	158,422	470,023
Total deposits and investments	\$ 293,558	\$ 554,331

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

5. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 is as follows:

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

5. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 483,500	\$ 508,853	\$ 25,353
Special Revenue	291,800	264,054	(27,746)
Debt Service	62,750	69,457	6,707
Capital Projects	24,259	395,271	371,012
Enterprise	996,470	1,039,088	42,618
Total	<u>\$ 1,858,779</u>	<u>\$ 2,276,723</u>	<u>\$ 417,944</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 665,461	\$ 617,397	\$ 48,064
Special Revenue	281,520	262,828	18,692
Debt Service	60,911	68,256	(7,345)
Capital Projects	794,266	450,744	343,522
Enterprise	1,174,181	1,138,191	35,990
Total	<u>\$ 2,976,339</u>	<u>\$ 2,537,416</u>	<u>\$ 438,923</u>

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 612,600	\$ 614,569	\$ 1,969
Special Revenue	279,487	282,349	2,862
Debt Service	104,007	59,722	(44,285)
Capital Projects	1,470	575,357	573,887
Enterprise	941,206	1,064,620	123,414
Total	<u>\$ 1,938,770</u>	<u>\$ 2,596,617</u>	<u>\$ 657,847</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 566,267	\$ 585,702	\$ (19,435)
Special Revenue	298,894	271,366	27,528
Debt Service	48,000	23,176	24,824
Capital Projects	879,868	587,370	292,498
Enterprise	1,127,252	1,101,221	26,031
Total	<u>\$ 2,920,281</u>	<u>\$ 2,568,835</u>	<u>\$ 351,446</u>

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

5. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Rev. Code Section 5705.36, increased and decreased amended certificates were not obtained for several funds in 2006 and 2007 when the actual receipts were more or less than the budgeted receipts.

Contrary to Ohio Rev. Code Section 5705.41 (B), expenditures exceeded appropriations in several funds in 2006 and 2007.

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for all expenditures.

6. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

7. LOCAL INCOME TAX

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

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

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$ 684,498	2.20 – 7.59%
General Obligation Bonds	1,436,000	4.10 – 6.25%
General Obligation Notes	79,805	4.20 – 6.75%
Ohio Public Works Commission Loans	<u>121,928</u>	0.00%
Total	<u>\$ 2,322,231</u>	

The Village has four Ohio Water Development Authority (OWDA) loans that relate to wastewater treatment plant projects mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,304,963 in loans to the Village for these projects. The loans will be repaid in semiannual installments over the next 20 years. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Bonds relate to improvements made to the municipal owned Golf Course and are collateralized by the Village's taxing authority and by revenue generated by the Golf course. Also, there were General Obligation Bonds issued for the construction of a new building (Safety Service Center) completed in 2007 and collateralized by the Village's taxing authority.

The General Obligation Notes relate to a new dump truck purchased by the Village at the end of 2004 that is jointly shared by the Village's street and sewer departments; golf course equipment purchased in 2003; a note issued at the end of 2005 for the purchase of two police cruisers; a note for the purchase of a sewer truck in 2006; and a note for the purchase of a mower/tractor in 2006. The Notes are collateralized jointly by the Village's taxing authority and by revenue generated from the sewer and golf course operations.

The Village has three Ohio Public Works Commission (OPWC) loans that relate to substantial repairs and improvements to the wastewater treatment facility. The total original issue of the loans was \$223,500 and will be repaid in semiannual installments over 20 years. These Loans are collateralized solely by the Village's taxing authority.

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEBT (Continued)

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

Year Ending December 31,	OWDA Loans	General Obligation Bonds	General Obligation Notes	OPWC Loans
2008	\$ 95,755	\$ 119,733	\$ 54,486	\$ 7,109
2009	95,916	117,858	32,643	7,109
2010	96,067	120,983	-	7,109
2011	80,825	118,796	-	7,109
2012	65,505	121,608	-	7,109
Thereafter	397,442	1,740,066	-	86,383
Total	<u>\$ 831,510</u>	<u>\$ 2,339,044</u>	<u>\$ 87,129</u>	<u>121,928</u>

9. 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 Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS 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 2007 and 2006, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2007 OPERS members contributed 9.5% and for 2006 PERS members contributed 9% of their gross salaries. The Village contributed an amount equal to 13.85% in 2007 and 13.7% in 2006 of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

10. JOINT AGREEMENT

In March, 2005, the Village entered into an agreement with the City of Geneva and Ashtabula County to share the cost of upgrading the wastewater treatment sewer outfall. To finance the project, the Village obtained both grants and new debt. Both the City and County agreed to pay 40% each of the total debt repayment of the debt, on a reimbursement basis, over at least twenty years.

Village of Geneva on the Lake
Ashtabula County
NOTES TO FINANCIAL STATEMENTS (Continued)

11. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

12. SUBSEQUENT EVENTS

On May 14, 2008, the General Obligation Bonds for the municipal owned golf course were refinanced for the balance of the amount owed. The refinancing did not extend the term of the debt but did reduce the interest rate from 6.25% to 4.25%. This will result in a significant savings of interest over the remaining term of the debt.

13. 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.

**Independent Accountants' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required By *Government Auditing Standards***

Members of Council
Village of Geneva on the Lake

We have audited the financial statements of the Village of Geneva on the Lake, Ohio (the Village) as of and for the years ended December 31, 2007, and 2006, and have issued our report thereon dated February 22, 2010, wherein we noted that the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We conducted our audit in accordance with standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-008.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiencies 2007-001 through 2007-008 described above are material weaknesses.

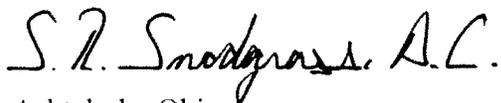
We noted other internal control matters we reported to the Village's management in a separate letter dated February 22, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Geneva on the Lake, Ohio's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 or other matters we must report under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-008.

The Government's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the Government's responses and accordingly, we express no opinion on them.

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



Ashtabula, Ohio
February 22, 2010

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County

SCHEDULE OF FINDINGS
December 31, 2007 and 2006

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

FINDING NUMBER 2007-001

Ohio Revised Code Section 5705.41(D) provide that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate: Fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-001(Continued)

3. Super Blanket Certificate: The Village fiscal officer may also issue so-called “super blanket” certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

In a test of thirty non-payroll disbursements during the audit period, three warrants and related support could not be located; two warrants did not have any purchase order, and therefore no certification and encumbrance. A review of the regular blanket certificates in 2006/2007 indicated that sixty-two certificates were not signed by the chief financial officer.

Prior certification, unless the exceptions noted above are used, is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

MANAGEMENT RESPONSE

Purchase orders are now signed by the fiscal officer after they are reviewed and signed off by Mayor and Administrator.

FINDING NUMBER 2007-002

There are no statutory provisions that directly address inter-fund advances, however, AOS Bulletin 97-003 sets forth requirements and provides guidance, including the following points:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-002(Continued)

- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement;
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the revenue source from which it is expected that repayment will be made
- The advances-out (initial loan and repayment) in the creditor (loaning) and debtor (borrowing) funds do not require appropriation as advances represent temporary allocations of resources. However, an amended official certificate of estimated resources should be obtained to reflect the reduced fund balance in the creditor fund and the increased fund balance in the debtor fund. Creditor fund appropriations must be evaluated based on the reduced estimated resources, and appropriation reductions may be required. Prior to obligation of advanced funds the debtor fund must have sufficient appropriations to cover the anticipated expenditures.
- If an advance is not repaid at the end of the fiscal year, an adjustment is required to the total resources available for expenditure in the creditor and debtor funds. The unencumbered cash balance of the creditor fund must be increased by the amount of repayment expected during the fiscal year to produce the "carryover balance available for appropriation." Similarly, the unencumbered cash balance in the debtor fund must be reduced by the amount of repayment expected during the fiscal year to produce "carryover balance available for appropriation." This adjustment is made on the "certificate of the total amount from all sources available for expenditures, and balances" filed with the County Budget Commission pursuant to Section 5705.36 of the Revised Code.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-002(Continued)

- If, after an advance is made, the taxing authority determines that the transaction should, in fact, be treated as a transfer (repayment is no longer expected) the following procedures should be followed:
 - The necessary formal procedures for approval of the transfer should be completed including, if necessary, approval of the commissioner of tax equalization and of the court of common pleas (see ORC 5705.14, 5705.15 and 5705.16);
 - The transfer should be formally recorded on the records of the subdivision; and
 - The entries recording the cash advance should be reversed

From the prior year audit, the following items regarding inter-fund advances remain uncorrected by the Village:

Resolution No. 2084

From the prior period audit, a finding for adjustment was rendered against the Park Fund in favor of General Fund for interest due on an advance as dictated in Village Resolution No. 2084 in 2002. Council and management have not calculated and paid the interest due from the Park Fund to the General Fund.

Outstanding Advances

From years ended prior to January 1, 2007, the balances of outstanding advances are as follows:

Balances at December 31, 2006		
Fund Name	Amount Due to	Amount Due from
General	243,909	-
Street	-	2,250
State Highway	-	2,087
Permissive MVL	-	847
Housing Rehab	-	700
Sewer Operating	13,258	-
Park	-	251,283

There were two initial advances made in 2006, all from the General Fund to the Park Fund; there were no initial advances made in 2007. One advance was actually authorized as a transfer and the authorization for the other advance could not be located.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-002(Continued)

There were three transfers made in 2006 and four transfers made in 2007. One transfer was made to cover debt payments, one was to correct a prior audit finding, and five were to transfer funds to the Park Fund to cover expenses. The authorization for the transfer of funds to cover debt payments could not be located.

We recommend that the Village either repay the advances outstanding or take the steps necessary to convert them to transfers so that they can be cleared from the records. Additionally, to ensure that the advance balances do not accumulate over years, it is recommended that the guidelines presented by the Auditor of State should be contemplated when the choice arises to authorize an advance versus a transfer for funding shortfalls.

The total outstanding advances at the end of the audit period are as follows:

Balances at December 31, 2007		
Fund Name	Amount Due to	Amount Due from
General	249,656	-
Street	-	2,088
State Highway	-	2,087
Permissive MVL	-	847
Sewer Operating	6,649	-
Park	-	251,283

In addition to the above balances, \$20,526 is payable from the Park Fund to the General Fund for the interest dictated in Resolution 2084 as cited above.

MANAGEMENT RESPONSE

Recommendation: Repay advances from Streets, State Highway and Permissive and to Sewer. Issue a resolution to converting golf course advance and interest as per Resolution No. 2084 into a 1% loan payable over an extended period.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-003

In order to ensure the accuracy of accounting records, an adequate system of internal controls requires an entity to perform periodic reconciliations of their accounts and records which are reviewed and approved by a supervisory level employee or elected official separate from the person performing said function. To be effective, these reconciliation procedures must be performed regularly and include a thorough investigation and follow-up of all significantly reconciling items.

When cash reconciliations are not properly performed, monthly fund balances may be understated or overstated and management can not be assured that the statements reflect the proper financial activities of the Village. Lack of legislative monitoring of the monthly bank statements may lead to undetected errors, irregularities, or misappropriation of the Village's assets.

Monthly bank reconciliations for the Primary Checking account were not properly performed during 2007 and 2006. These reconciliations included "other adjusting factors" of varying amounts each month; and, in December, 2006, and 2007 an unsupported, one-sided entry reducing cash \$110,271 was made to the Village's records to reconcile to bank balances. In our audit, we found that \$34,466 of income tax receipts were double-posted in UAN, \$15,193 of State receipts were double-posted, and \$9,157 from the County auditor was recorded incorrectly, which should have been found during a properly performed bank reconciliation, and was the explanation for most of the December cash entry. Additionally, the Payroll and Housing Rehab bank accounts were not reconciled during the two-year audit period.

We recommend that in preparing the Primary Checking account reconciliation, the Fiscal Officer investigate and resolve, in a timely manner, all discrepancies between the amounts on the bank statement and the fund balances on the Village's records. Documentation supporting reconciling items should be retained. Council members should review the Primary Checking account reconciliation each month and sign off in the space provided.

MANAGEMENT RESPONSE

Fiscal officer now completes the bank reconciliation by 5th of each month. Reconciliation is reviewed and signed off by Mayor and Administrator.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-004

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Monitoring controls generally are concerned with users, analysis of reports or other forms of data produced by the accounting system. Such data may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users expectations.

A lack of monitoring controls by Council were noted over revenue collection, expenditure processing, and financial reporting; and others to identify unusual fluctuations in Village revenues, expenditures, and outstanding encumbrances. While the Finance Committee does convene on a monthly basis, their review of financial information is haphazard and not focused on basic operations.

It is recommended that the Council Finance Committee continue to meet at least monthly and that they develop a regular agenda to monitor basic control procedures such as ensuring that the appropriations authorized by Council are properly integrated into the accounting system, reviewing bank reconciliations and that a proper debt schedule is maintained.

MANAGEMENT RESPONSE

Finance and Ordinance Meeting is scheduled for the 2nd Monday each month. The chairman prepares agenda based on requests by Mayor, Administrator, Fiscal Officer and Members of Council. Fiscal Officer prepares comparative schedules of revenue and expenditures; calls attention to areas of concern.

FINDING NUMBER 2007-005

It is management's responsibility to design and implement internal control policies and procedures to reasonably ensure specific financial objectives will be achieved. A sound internal control structure requires procedures performed are thoroughly documented to provide management with reasonable assurance they are being performed timely and consistently. Systems must also be periodically evaluated to determine whether they continue to effectively and efficiently meet management's objectives.

Additionally, it is management's responsibility to design and implement internal control procedures to reasonably ensure all membership fees are appropriately collected, safeguarded, deposited, and accurately accounted for in the Village's records.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-005(Continued)

While many of the prior audit recommendations of control procedures for golf course memberships were implemented in 2006; it was noted that the memberships were still being sold at the golf course and that the Fiscal Officer did not have complete records of all memberships sold. This situation has improved after the audit period of 2007.

To improve financial controls over the issuance and collection of golf course memberships, the following is recommended:

1. The Village should continue to use pre-printed, pre-numbered, duplicate applications. The forms should be printed for each year to reduce confusion and to facilitate the change in the pricing structure. Additionally, the forms should be revised to include an area for the date of application, total cost of membership and payment amounts and dates to be written.
2. Golf course management should submit a daily reconciliation of membership fees received and recorded in the cash register. A schedule of partial payments, when applicable, and the Fiscal Officer's copy of the application, when the membership is paid in full, should be included in this submission.
3. Management should periodically reconcile the number of membership cards issued at the golf course with the amount of membership fees received in the Park Fund.

MANAGEMENT RESPONSE

Daily reconciliation of golf receipts is recorded by category by Administrative Assistant; Receipts are forwarded to Fiscal Officer for review and recorded in UAN. Administrative Assistant prepares a monthly golf report. Report is reviewed by Golf Course Manager; Reviewed and signed by Mayor and submitted to council the first meeting of each month.

FINDING NUMBER 2007-006

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Revised Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-006(Continued)

Ohio Revised Code Section 5705.39 provides in part that total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation. Additionally, this section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official amended certificate of estimated resources.

Although amended certificates were obtained in each year under audit, the Village did not obtain amended certificates for many other significant fluctuations in revenues partly contributing to the Village appropriating funds that were in excess of estimated resources. During the audit period, total appropriations exceeded the total estimated resources in the following funds, by the following amounts:

<u>At December 31, 2006</u>		<u>At December 31, 2007</u>	
Cemetery	60	General	181,961
OCJS Grant	1,175	State Hwy	13,200
Drug Enforcement	8,000	Cemetery	50
Street Levy	9,795	Permissive	6,884
Police Levy	6,476	Street Levy	2,737
Computer	1,541	Computer	300
Safety Center	769,201	Safety Center	749,201
Park operations	54,453	Housing Rehab	20,274
Sewer Operations	71,689	Park Operations	86,007
Sanitation	61,154	Sewer Operations	81,603
		GC Repairs	532
		Bed Tax	750
		Sanitation	9,350

MANAGEMENT RESPONSE

Management now does a monthly review of ordinances affecting appropriations and review any changes in revenue to determine the necessity of a request to increase or reduce amended certificate.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-007

Ohio Revised Code Section 5705.12 requires that in addition to the funds provided for by Ohio Revised Code Sections 5705.09, 5705.121, 5705.13, and 5705.131, the taxing authority of a subdivision may establish other funds, with the approval of the Auditor of State. The subdivision may provide by ordinance or resolution that money derived from special sources other than the general property tax shall be paid directly into such funds. Approval to establish a new fund is unnecessary when statutes (such as those listed above) already authorize or require it.

It is necessary to request the Auditor of State's permission to establish any fund not specifically authorized by statute or when the purpose of the fund is not identified in Ohio Revised Code Section 5705.09 (A) - (H). Situations requiring Auditor of State approval include:

- When management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity;
- When the fund will account for restricted gifts or bequests that will not be held in trust; and
- When management wants to impose internal restrictions on the use of otherwise unrestricted resources.

In some circumstances, the Auditor of State deems the use of additional funds unnecessary and will not approve the request. See AOS Bulletin 99-006 for additional information.

The Village established four funds that are neither specifically authorized by statute, nor have a purpose that is identified in Ohio Revised Code Section 5705.09.

- Special revenue fund 2031 Cemetery was established March 15, 2004, to receive property tax collected from residents of the Village for a Geneva Township cemetery. The monies are remitted to the township by the Village.
- Enterprise funds 5601 and 5602 were not authorized by council but established in UAN nonetheless. The purpose of these funds is to track disbursements of bed tax receipts to the County and the local Chamber of Commerce.

The Village should seek the approval from the Auditor of State through the process outlined in AOS Bulletin 99-006.

MANAGEMENT RESPONSE

Council will pass a resolution establishing funds.

VILLAGE OF GENEVA ON THE LAKE
Ashtabula County
SCHEDULE OF FINDINGS
December 31, 2007 and 2006

FINDING NUMBER 2007-008

Ohio Revised Code Section 9.38 provides that public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt.

For example, a government employee, other than the fiscal officer collecting funds and issuing a receipt, must deposit the funds with the government's fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government's fiscal officer, the employee instead may deposit funds with the government's designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. Only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

In a test of twenty sanitation receipts, five were held longer than three days and an additional seven were held longer than one day. In a test of Mayor's Court receipts, seven of twenty were held more than three days. In a test of general cash receipts, seven of twenty were held more than three days. The Village legislature has not adopted a policy allowing public monies to be held past the first business day following receipt.

MANAGEMENT RESPONSE

Council will pass resolution to adopt state policy.

Village of Geneva on the Lake, Ashtabula County
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2007 and 2006

Finding Number	Finding Summary	Corrected?	
2005-001	Ohio Revised Code 5705.41(D)	Partially corrected	2007-001
2005-002	ORC 5705.14, 5705.15 and 5705.16	Partially corrected	2007-002
2005-003	ORC 5705.40 and 5705.41(B)	Corrected	-
2005-004	Bank reconciliation	Not corrected	2007-003
2005-005	Monitoring controls	Not corrected	2007-004
2005-006	Golf course - memberships	Partially corrected	2007-005



Mary Taylor, CPA
Auditor of State

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

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 27, 2010**