

GENEVA ON THE LAKE
ASHTABULA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Geneva on the Lake, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 27, 2014

This page intentionally left blank.

**Village of Geneva on the Lake
Ashtabula County
Audit Report
December 31, 2013 and 2012**

TITLE	PAGE
Independent Auditors' Report	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7 - 14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15 - 16
Schedule of Findings	17
Schedule of Prior Audit Findings	18

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Geneva on the Lake, Ashtabula County, (Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Geneva on the Lake, Ashtabula County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CHARLES E. HARRIS & ASSOCIATES, INC.

June 27, 2014

VILLAGE OF GENEVA ON THE LAKE
ASHTABULA COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 160,039	\$ 166,196	\$ 91,556	\$ -	\$ 417,791
Municipal Income Tax	193,070	-	-	-	193,070
Intergovernmental	45,378	112,693	4,815	-	162,886
Special Assessments	1,020	39,430	10,403	-	50,853
Charges for Services	47,451	-	-	-	47,451
Fines, Licenses and Permits	56,185	8,524	-	-	64,709
Earnings on Investments	3,415	29	-	-	3,444
Miscellaneous	91,134	2,693	-	-	93,827
<i>Total Cash Receipts</i>	<u>597,692</u>	<u>329,565</u>	<u>106,774</u>	<u>-</u>	<u>1,034,031</u>
Cash Disbursements					
Current:					
Security of Persons and Property	320,367	196,656	-	-	517,023
Public Health Services	-	4,682	-	-	4,682
Transportation	-	155,877	-	-	155,877
General Government	205,700	4,163	1,133	-	210,996
Capital Outlay	25,151	-	-	555	25,706
Debt Service:					
Principal Retirement	-	-	64,049	-	64,049
Interest & Fiscal Charges	-	-	34,766	-	34,766
<i>Total Cash Disbursements</i>	<u>551,218</u>	<u>361,378</u>	<u>99,948</u>	<u>555</u>	<u>1,013,099</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	46,474	(31,813)	6,826	(555)	20,932
Other Financing Receipts (Disbursements)					
Proceeds of Notes	55,000	28,000	-	-	83,000
Transfers In	-	3,442	-	-	3,442
Transfers Out	(43,442)	-	-	-	(43,442)
Advances In	19,000	5,000	-	-	24,000
Advances Out	(50,000)	(5,000)	-	-	(55,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(19,442)</u>	<u>31,442</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
<i>Net Change in Fund Cash Balances</i>	27,032	(371)	6,826	(555)	32,932
<i>Fund Cash Balances, January 1</i>	<u>76,896</u>	<u>136,949</u>	<u>62,724</u>	<u>10,191</u>	<u>286,760</u>
Fund Cash Balances, December 31					
Restricted	-	136,578	69,550	-	206,128
Committed	-	-	-	9,636	9,636
Assigned	373	-	-	-	373
Unassigned (Deficit)	103,555	-	-	-	103,555
<i>Fund Cash Balances, December 31</i>	<u>\$ 103,928</u>	<u>\$ 136,578</u>	<u>\$ 69,550</u>	<u>\$ 9,636</u>	<u>\$ 319,692</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Types</u> <u>Enterprise</u>	<u>Fiduciary Fund Types</u> <u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$ 696,486	\$ -	\$ 696,486
Fines, Licenses and Permits	-	43,685	43,685
Miscellaneous	106,492	-	106,492
<i>Total Operating Cash Receipts</i>	802,978	43,685	846,663
Operating Cash Disbursements			
Personal Services	201,638	-	201,638
Employee Fringe Benefits	48,196	-	48,196
Contractual Services	345,676	-	345,676
Supplies and Materials	468,644	-	468,644
Other	20,891	43,685	64,576
<i>Total Operating Cash Disbursements</i>	1,085,045	43,685	1,128,730
<i>Operating Income (Loss)</i>	(282,067)	-	(282,067)
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	92,828	-	92,828
Intergovernmental	188,961	-	188,961
Special Assessments	7,331	-	7,331
Earnings on Investments	60	-	60
Proceeds of Notes	28,000	-	28,000
Proceeds of OWDA Loans	49,485	-	49,485
Miscellaneous Receipts	28,211	-	28,211
Capital Outlay	(8,100)	-	(8,100)
Principal Retirement	(145,810)	-	(145,810)
Interest and Other Fiscal Charges	(35,116)	-	(35,116)
<i>Total Non-Operating Receipts (Disbursements)</i>	205,850	-	205,850
<i>Income (Loss) Before Transfers and Advances</i>	(76,217)	-	(76,217)
Transfers In	40,000	-	40,000
Advances In	45,000	-	45,000
Advances Out	(14,000)	-	(14,000)
<i>Net Income (Loss)</i>	(5,217)	-	(5,217)
<i>Fund Cash Balances, January 1</i>	263,725	-	263,725
<i>Fund Cash Balances, December 31</i>	<u>\$ 258,508</u>	<u>\$ -</u>	<u>\$ 258,508</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 150,600	\$ 160,411	\$ 75,806	-	\$ 386,817
Municipal Income Tax	161,945	-	-	-	161,945
Intergovernmental	53,263	137,121	4,782	\$ 2,793	197,959
Special Assessments	200	34,732	6,712	-	41,644
Charges for Services	34,010	-	-	-	34,010
Fines, Licenses and Permits	45,878	6,691	-	-	52,569
Earnings on Investments	3,444	37	-	-	3,481
Miscellaneous	33,107	332	-	-	33,439
<i>Total Cash Receipts</i>	<u>482,447</u>	<u>339,324</u>	<u>87,300</u>	<u>2,793</u>	<u>911,864</u>
Cash Disbursements					
Current:					
Security of Persons and Property	234,185	232,680	-	-	466,865
Public Health Services	-	4,371	-	-	4,371
Transportation	-	137,961	-	-	137,961
General Government	199,594	3,567	949	-	204,110
Capital Outlay	-	-	-	16,694	16,694
Debt Service:					
Principal Retirement	-	-	57,169	-	57,169
Interest & Fiscal Charges	-	-	34,342	-	34,342
<i>Total Cash Disbursements</i>	<u>433,779</u>	<u>378,579</u>	<u>92,460</u>	<u>16,694</u>	<u>921,512</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	48,668	(39,255)	(5,160)	(13,901)	(9,648)
Other Financing Receipts (Disbursements)					
Transfers Out	(37,700)	-	-	-	(37,700)
Advances In	29,000	3,100	-	-	32,100
Advances Out	(25,100)	(3,100)	-	-	(28,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,800)</u>
<i>Net Change in Fund Cash Balances</i>	14,868	(39,255)	(5,160)	(13,901)	(43,448)
<i>Fund Cash Balances, January 1</i>	<u>62,028</u>	<u>176,204</u>	<u>67,884</u>	<u>24,092</u>	<u>330,208</u>
Fund Cash Balances, December 31					
Restricted	-	136,949	62,724	-	199,673
Committed	-	-	-	10,191	10,191
Assigned	1,639	-	-	-	1,639
Unassigned (Deficit)	75,257	-	-	-	75,257
<i>Fund Cash Balances, December 31</i>	<u>\$ 76,896</u>	<u>\$ 136,949</u>	<u>\$ 62,724</u>	<u>\$ 10,191</u>	<u>\$ 286,760</u>

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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$ 649,020	\$ -	\$ 649,020
Fines, Licenses and Permits	-	36,868	36,868
Miscellaneous	163,975	-	163,975
<i>Total Operating Cash Receipts</i>	812,995	36,868	849,863
Operating Cash Disbursements			
Personal Services	205,608	-	205,608
Employee Fringe Benefits	59,612	-	59,612
Contractual Services	386,094	-	386,094
Supplies and Materials	185,740	-	185,740
Other	26,099	36,868	62,967
<i>Total Operating Cash Disbursements</i>	863,153	36,868	900,021
<i>Operating Income (Loss)</i>	(50,158)	-	(50,158)
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	85,825	-	85,825
Intergovernmental	277,664	-	277,664
Special Assessments	6,951	-	6,951
Earnings on Investments	68	-	68
Proceeds of OWDA Loans	111,789	-	111,789
Miscellaneous Receipts	19,249	-	19,249
Capital Outlay	(217,664)	-	(217,664)
Principal Retirement	(195,838)	-	(195,838)
Interest and Other Fiscal Charges	(40,671)	-	(40,671)
<i>Total Non-Operating Receipts (Disbursements)</i>	47,373	-	47,373
<i>Income (Loss) Before Transfers and Advances</i>	(2,785)	-	(2,785)
Transfers In	37,700	-	37,700
Advances In	22,000	-	22,000
Advances Out	(25,900)	-	(25,900)
<i>Net Income (Loss)</i>	31,015	-	31,015
<i>Fund Cash Balances, January 1</i>	232,710	-	232,710
<i>Fund Cash Balances, December 31</i>	<u>\$ 263,725</u>	<u>\$ -</u>	<u>\$ 263,725</u>

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

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

1. Summary of Significant Accounting Policies (continued)

2. Special Revenue Funds-(continued)

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

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

3. Debt Service Fund

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund receives proceeds from property and local taxes to repay a bond due to the construction of a new safety center.

4. Capital Project Funds

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

Other Capital Projects - Streets Fund – This fund receives proceeds from several state grants to construct improvements to the Village's streets.

5. Enterprise Funds

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

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

6. Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other governments. The Village's agency funds account for utility deposits, unclaimed funds and mayor's court.

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$552,260	\$524,563
Total deposits	552,260	524,563
STAR Ohio	25,940	25,922
Total investments	25,940	25,922
Total deposits and investments	\$578,200	\$550,485

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

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

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$629,712	\$595,033	(\$34,679)
Special Revenue	377,945	364,889	(13,056)
Debt Service	100,494	99,948	(546)
Capital Projects	554	555	1
Enterprise	1,720,954	1,615,099	(105,855)
Total	<u>\$2,829,659</u>	<u>\$2,675,524</u>	<u>(\$154,135)</u>

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$597,692	\$652,692	\$55,000
Special Revenue	367,324	361,007	(6,317)
Debt Service	106,911	106,774	(137)
Capital Projects	0	0	0
Enterprise	1,632,527	1,237,854	(394,673)
Total	<u>\$2,704,454</u>	<u>\$2,358,327</u>	<u>(\$346,127)</u>

2012 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$498,206	\$473,118	\$25,088
Special Revenue	412,129	381,632	30,497
Debt Service	93,569	92,460	1,109
Capital Projects	19,854	16,694	3,160
Enterprise	1,604,676	1,535,347	69,329
Total	<u>\$2,628,434</u>	<u>\$2,499,251</u>	<u>\$129,183</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$498,079	\$482,447	\$15,632
Special Revenue	372,005	339,324	32,681
Debt Service	94,608	87,300	7,308
Capital Projects	2,793	2,793	0
Enterprise	1,834,731	1,352,241	482,490
Total	<u>\$2,802,216</u>	<u>\$2,264,105</u>	<u>\$538,111</u>

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

4. Property Tax

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

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

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

5. Local Income Tax

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. All taxes are collected through the Central Collection Agency (CCA).

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$161,636	4.20 - 7.59%
General Obligation Bonds	1,144,500	4.10 - 6.25%
OPWC Loan	79,276	0%
Ohio Water Development Authority Loan	326,977	2.20 - 4.49%
Total	<u>\$1,712,389</u>	

The beginning debt balance was understated by \$32,367. In 2013, OWDA forgave \$73,800 of debt to the Village.

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

The Ohio Public Works Commission (OPWC) loan was for related to substantial repairs and improvements to the wastewater treatment plant. The loans will be paid over 20 years. These loans are collateralized by the Village's taxing authority.

The General Obligation Notes relate to notes issued in 2012 and 2013 for the purchase of police cruisers, new equipment for the service department and road repairs. The notes are collateralized by the Village's taxing authority.

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

6. Debt – (continued)

The General Obligations Bonds relate to improvements made to the municipal owned golf course and for the construction of the Village’s Municipal Center. These bonds are collateralized by the Village’s taxing authority.

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

Year ending December 31:	OPWC Loans	OWDA Loans	G.O. Notes	G.O. Bonds
2014	\$ 7,109	\$ 64,671	\$ 72,345	\$ 116,856
2015	7,109	64,671	59,785	116,759
2016	7,109	42,126	40,168	116,860
2017	7,109	19,580	12,081	116,796
2018	7,109	19,580	-	116,666
2019-2024	33,506	97,904	-	440,719
2025-2029	10,225	39,161	-	226,092
2030-2034	-	-	-	226,054
2035-2036	-	-	-	45,256
Total	<u>\$ 79,276</u>	<u>\$ 347,693</u>	<u>\$ 184,379</u>	<u>\$ 1,522,058</u>

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages, after July 1, 2013 this rate increased to 10.75%. For 2013 and 2012, the Village contributed to OP&F an amount equal to \$19.5% of full-time police members’ wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2013.

8. Risk Management

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Village of Geneva on the Lake
Ashtabula County
Notes to the Financial Statements
December 31, 2013 and 2012**

8. Risk Management – (continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Contingent Liabilities/Subsequent Events

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Management believes there are no pending claims or lawsuits.

10. Joint Agreement

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Geneva on the Lake, Ashtabula County, (Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village 's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village 's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-01 to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles Harris Associates

CHARLES E. HARRIS & ASSOCIATES, INC.

June 27, 2014

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 and 2012**

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

**FINDING NUMBER 2013-001
Significant Deficiency**

Recording of Financial Activity

To assist in the effective management and reporting of financial resources, an entity should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements. For each year, the Village's accounting records and financial statements had several receipt and expenditure classification errors including, but not limited to, misclassification of loan proceeds and principal and interest payments. The financial statements have been reclassified to correct the above errors and the Village has agreed with the reclassifications.

The failure to correctly record revenues and expenditures could not only impact users' understanding of the financial operations; it could also inhibit Village Council's and management's ability to make sound financial decisions, and could impact the Council's ability to comply with budgetary laws.

The Village should review the Village Officer's Handbook for guidance in the recording of revenues and expenditures. The Village's Fiscal Officer and Council should also perform a periodic review of the financial records to help identify recording errors.

Officials' Response:

Management chose not to provide a response to finding.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2013 and 2012**

The prior audit, for the years ended December 31, 2011 and 2010, reported no material citations or recommendations.

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF GENEVA ON THE LAKE

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 9, 2014**