

VILLAGE OF GENOA

OTTAWA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012



Dave Yost • Auditor of State

Village Council
Village of Genoa
102 E. Sixth Street
Genoa, Ohio 43430

We have reviewed the *Independent Auditors' Report* of the Village of Genoa, Ottawa 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 Genoa is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 8, 2014

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**VILLAGE OF GENOA
OTTAWA COUNTY
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For the Years Ended December 31, 2013 and 2012

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

INDEPENDENT AUDITORS' REPORT

Village of Genoa
Ottawa County
102 E. Sixth Street
Genoa, Ohio 43430

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, Ottawa County, Ohio, as of December 31, 2013 and 2012, and the changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

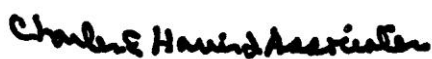
We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, and total and cost of program services. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 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.
July 24, 2014

VILLAGE OF GENOA
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

The discussion and analysis of the Village of Genoa's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2013 and 2012, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights 2013 and 2012 are as follows:

- For governmental activities, net position decreased \$429,046 in 2012 from 2011. It also decreased \$178,259 in 2013 from 2012.
- In 2013, general receipts (excluding transfers) accounted for \$1,228,545 in receipt or 89 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$150,915 or 11 percent of total governmental receipts of \$1,379,460. In 2012, general receipts accounted for \$1,311,428 in receipt or 90 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$152,249 or 10 percent of total governmental receipts of \$1,463,677.
- In 2013, the Village had \$2,064,245 in disbursements related to governmental activities; only \$150,915 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,228,545 were not adequate to provide for these programs. In 2012, the Village had \$2,581,210 in disbursements related to governmental activities; only \$152,249 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,311,428 were not adequate to provide for these programs.
- In 2013, among major funds, the general fund had \$930,201 in receipts and \$998,648 in disbursements. The general fund's fund balance decreased to \$33,006 from \$101,453. In 2012, among major funds, the general fund had \$1,028,749 in receipts and \$1,647,298 in disbursements.
- In 2013, for business-type activities, program receipts were \$3,441,805. These helped offset disbursements of \$2,935,279. In 2012, for business-type activities, program receipts were \$3,344,182. These helped offset disbursements of \$2,655,695.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Village as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Village, presenting an aggregate view of the Village finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed. The fund financial statements also look at the Village's most significant funds with all other non-major funds presented in total in one column. In the case of the Village of Genoa, the General Fund, Generator/Substation Fund, and the Capital Improvement Fund by far are the most significant funds.

VILLAGE OF GENOA
Ottawa County, Ohio
Management's Discussion and Analysis
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(unaudited)

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2013 and 2012, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These two statements report the Village's *net position* and changes in those assets. This change in net position is important because it tells the reader that, for the Village as a whole, the *financial position* of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting receipt growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Village has two kinds of activities:

- Governmental Activities - Most of the Village's programs and services are reported here including, general government, security of persons and property, public health services, leisure time activities, community environment, basic utility services, and transportation.
- Business-Type Activities – The Village has a number of business-type activities which are financed by fees charged to the customers receiving the services.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the Village's major funds begins on page 12 for 2013 and 20 for 2012. Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund, Generator/Substation Fund, and Capital Improvement Fund. The Village's major proprietary funds are the Water Fund, Sewer Fund, and Electric Fund.

Governmental Funds Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is essentially the same on a cash basis.

Proprietary Funds When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as enterprise funds. The proprietary funds for the Village consist exclusively of enterprise funds.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

VILLAGE OF GENOA
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

The Village as a Whole

Tables 1 and 1A provide a summary of the Village's net position for 2013 compared to 2012 and 2012 to 2011 on the cash basis:

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Cash and Cash Equivalents	\$ 391,124	\$ 562,609	\$ 2,751,973	\$ 2,758,747	\$ 3,143,097	\$ 3,321,356
<i>Total Assets</i>	<u>\$ 391,124</u>	<u>\$ 562,609</u>	<u>\$ 2,751,973</u>	<u>\$ 2,758,747</u>	<u>\$ 3,143,097</u>	<u>\$ 3,321,356</u>
Net Assets:						
Restricted						
Capital Projects	\$ 202,630	\$ 198,698	\$ -	\$ -	\$ 202,630	\$ 198,698
Other Purposes	2,605	2,305	-	-	2,605	2,305
Unrestricted	185,889	361,606	2,751,973	2,758,747	2,937,862	3,120,353
<i>Total Net Position</i>	<u>\$ 391,124</u>	<u>\$ 562,609</u>	<u>\$ 2,751,973</u>	<u>\$ 2,758,747</u>	<u>\$ 3,143,097</u>	<u>\$ 3,321,356</u>

Table 1A

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and Cash Equivalents	\$ 562,609	\$ 1,195,842	\$ 2,758,747	\$ 2,554,560	\$ 3,321,356	\$ 3,750,402
<i>Total Assets</i>	<u>\$ 562,609</u>	<u>\$ 1,195,842</u>	<u>\$ 2,758,747</u>	<u>\$ 2,554,560</u>	<u>\$ 3,321,356</u>	<u>\$ 3,750,402</u>
Net Assets:						
Restricted						
Capital Projects	\$ 198,698	\$ 201,521	\$ -	\$ -	\$ 198,698	\$ 201,521
Other Purposes	2,305	54,429	-	-	2,305	54,429
Unrestricted	361,606	939,892	2,758,747	2,554,560	3,120,353	3,494,452
<i>Total Net Position</i>	<u>\$ 562,609</u>	<u>\$ 1,195,842</u>	<u>\$ 2,758,747</u>	<u>\$ 2,554,560</u>	<u>\$ 3,321,356</u>	<u>\$ 3,750,402</u>

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The tables below show the net changes in net position for 2013 and 2012.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 27,305	\$ 30,042	\$ 3,405,418	\$ 3,293,328	\$ 3,432,723	\$ 3,323,370
Operating Grants and Contributions	123,610	122,207	-	-	123,610	122,207
General Receipts:						
Property Taxes	125,775	146,977	-	-	125,775	146,977
Municipal Income Taxes	753,777	754,338	-	-	753,777	754,338
Intergovernmental	46,959	157,330	-	-	46,959	157,330
Proceeds of loans	252,540	222,891	-	33,500	252,540	256,391
Earnings on Investments	8,570	8,923	295	296	8,865	9,219
Miscellaneous	40,924	20,969	36,092	17,058	77,016	38,027
Transfers	513,300	484,300	-	-	513,300	484,300
Total Receipts	1,892,760	1,947,977	3,441,805	3,344,182	5,334,565	5,292,159
Disbursements:						
Current:						
Security of Persons and Property	365,505	415,841	-	-	365,505	415,841
Public Health Services	6,183	6,311	-	-	6,183	6,311
Leisure Time Activities	81,330	106,432	-	-	81,330	106,432
Community Environment	9,796	20,962	-	-	9,796	20,962
Transportation	96,292	104,997	-	-	96,292	104,997
General Government	386,611	407,532	-	-	386,611	407,532
Transfers	-	-	513,300	484,300	513,300	484,300
Capital Outlay	632,906	484,976	-	-	632,906	484,976
Debt Service	485,622	1,034,159	-	-	485,622	1,034,159
Water	-	-	618,935	606,815	618,935	606,815
Sewer	-	-	361,803	338,351	361,803	338,351
Electric	-	-	1,810,665	1,582,453	1,810,665	1,582,453
Garbage and utilities deposit	-	-	143,876	128,076	143,876	128,076
Total Disbursements	2,064,245	2,581,210	3,448,579	3,139,995	5,512,824	5,721,205
Changes in Net Position	\$ (171,485)	\$ (633,233)	\$ (6,774)	\$ 204,187	\$ (178,259)	\$ (429,046)

VILLAGE OF GENOA
Ottawa County, Ohio
Management's Discussion and Analysis
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(unaudited)

The tables below show the net changes in net position for 2012 and 2011.

Table 2A

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 30,042	\$ 20,761	\$ 3,293,328	\$ 3,424,400	\$ 3,323,370	\$ 3,445,161
Operating Grants and Contributions	122,207	115,003	-	-	122,207	115,003
Capital Grants and Contributions	-	19,804	-	-	-	19,804
General Receipts:						
Property Taxes	146,977	149,758	-	-	146,977	149,758
Municipal Income Taxes	754,338	805,312	-	-	754,338	805,312
Other Local Taxes	-	71,326	-	-	-	71,326
Intergovernmental	157,330	103,582	-	-	157,330	103,582
Proceeds of loans	222,891	-	33,500	-	256,391	-
Cable Franchise Fees	-	21,359	-	-	-	21,359
Earnings on Investments	8,923	16,672	296	295	9,219	16,967
Miscellaneous	20,969	12,355	17,058	26,262	38,027	38,617
Transfers	484,300	519,175	-	-	484,300	519,175
Total Receipts	1,947,977	1,855,107	3,344,182	3,450,957	5,292,159	5,306,064
Disbursements:						
Current:						
Security of Persons and Property	415,841	337,348	-	-	415,841	337,348
Public Health Services	6,311	6,335	-	-	6,311	6,335
Leisure Time Activities	106,432	79,044	-	-	106,432	79,044
Community Environment	20,962	20,967	-	-	20,962	20,967
Transportation	104,997	113,061	-	-	104,997	113,061
General Government	407,532	428,854	-	-	407,532	428,854
Other	-	1,000	-	-	-	1,000
Transfers	-	-	484,300	519,175	484,300	519,175
Capital Outlay	484,976	259,918	-	-	484,976	259,918
Debt Service	1,034,159	567,988	-	-	1,034,159	567,988
Water	-	-	606,815	654,158	606,815	654,158
Sewer	-	-	338,351	345,915	338,351	345,915
Electric	-	-	1,582,453	1,614,763	1,582,453	1,614,763
Garbage and utilities deposit	-	-	128,076	162,456	128,076	162,456
Total Disbursements	2,581,210	1,814,515	3,139,995	3,296,467	5,721,205	5,110,982
Changes in Net Position	\$ (633,233)	\$ 40,592	\$ 204,187	\$ 154,490	\$ (429,046)	\$ 195,082

Governmental Activities

In 2013, net position of the Village's governmental activities decreased by \$171,485. The governmental disbursements of \$2,064,245 were primarily offset by program receipts of \$150,915, general receipts of \$1,228,545 and the prior year cash balance. Program receipts supported 7 percent of the total governmental activities.

In 2013, the primary sources of receipt for governmental activities are derived from property taxes and income taxes. These two receipt sources represent 64 percent of total general and program receipts.

In 2012, net position of the Village's governmental activities decreased by \$633,233. The governmental disbursements of \$2,581,210 were primarily offset by program receipts of \$152,249, general receipts of \$1,311,428, and the prior year cash balance. Program receipts supported 6 percent of the total governmental activities.

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In 2012, the primary sources of receipt for governmental activities are derived from property taxes and income taxes. These two receipt sources represent 62 of total general and program receipts.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 4 shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2012. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements.

Table 3

Total and Cost of Program Services

	Governmental Activities		Business Type Activities	
	2013		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 365,505	\$ (353,106)	-	-
Public Health Services	6,183	(6,183)	-	-
Leisure Time Activities	81,330	(66,424)	-	-
Community Environment	9,796	(9,796)	-	-
Transportation	96,292	26,789	-	-
General Government	386,611	(386,082)	-	-
Capital Outlay	632,906	(632,906)	-	-
Debt Service	485,622	(485,622)	-	-
Water	-	-	\$ 618,935	\$ 145,333
Sewer	-	-	361,803	(34,273)
Electric	-	-	1,810,665	358,196
Garbage & utilities deposit	-	-	143,876	883
Total Disbursements	\$ 2,064,245	\$ (1,913,330)	\$ 2,935,279	\$ 470,139

Table 3A

Total and Cost of Program Services

	Governmental Activities		Business Type Activities	
	2012		2012	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 415,841	\$ (403,973)	-	-
Public Health Services	6,311	(6,311)	-	-
Leisure Time Activities	106,432	(88,258)	-	-
Community Environment	20,962	(20,962)	-	-
Transportation	104,997	(15,953)	-	-
General Government	407,532	(374,369)	-	-
Capital Outlay	484,976	(484,976)	-	-
Debt Service	1,034,159	(1,034,159)	-	-
Water	-	-	606,815	\$ 218,338
Sewer	-	-	338,351	(2,555)
Electric	-	-	1,582,453	406,283
Garbage & utilities deposit	-	-	128,076	15,567
Total Disbursements	\$ 2,581,210	\$ (2,428,961)	\$ 2,655,695	\$ 637,633

VILLAGE OF GENOA
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Table 3B
Total and Cost of Program Services

	Governmental Activities		Business Type Activities	
	2011		2011	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 337,348	\$ (336,689)	-	-
Public Health Services	6,335	(6,335)	-	-
Leisure Time Activities	79,044	(50,585)	-	-
Community Environment	20,967	(20,967)	-	-
Transportation	113,061	(7,453)	-	-
General Government	428,854	(427,816)	-	-
Capital Outlay	259,918	(240,114)	-	-
Debt Service	567,988	(567,988)	-	-
Other	1,000	(1,000)	-	-
Water	-	-	\$ 654,158	\$ 231,737
Sewer	-	-	345,915	431
Electric	-	-	1,614,763	439,635
Garbage & utilities deposit	-	-	162,456	(25,885)
Total Disbursements	\$ 1,814,515	\$ (1,658,947)	\$ 2,777,292	\$ 645,918

For 2013 and 2012, only 7 and 6 percent of general government activities were supported through program receipts, respectively. For all governmental activities, general receipt and prior year cash balance supports all disbursements as shown in the above table. The community, as a whole, is by far the primary support for the Village of Genoa.

Business-Type Activities

The dependence upon program receipts is apparent as 100 percent of business-type activities are supported through these receipts for 2013 and 2012. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

The Village's Funds

Information about the Village's major funds starts on page 13 for 2013 and page 21 for 2012. These funds are accounted for using the cash basis of accounting.

In 2013, all governmental funds (excluding transfers) had total receipts of \$1,379,460 and expenditures of \$2,064,245. The net change in fund balance for the year was most significant in the Other Governmental Funds, where the fund's net position increased by \$26,328 for 2013.

In 2012, all governmental funds (excluding transfers) had total receipts of \$1,463,377 and expenditures of \$2,581,210. The net change in fund balance for the year was most significant in the General Fund, where the fund's net position decreased by \$618,549 for 2012.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2013 and 2012 the Village did not amend its General Fund very much except in 2012. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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(unaudited)

In 2013, for the General Fund, budget basis receipts were \$1,324,096 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$698,981, \$6,961 over actual receipts.

In 2012, for the General Fund, budget basis receipts were \$1,200,883 from \$872,050 in the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,351,911, \$639,422 over actual receipts.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2013, the Village had \$1,215,542 in OPWC and OWDA loans. In addition, the Village had \$4,476,513 in AMP Ohio Electric, Water System G.O and Mortgage Revenue bonds. These issues were used for improvements to the Village's streets, water, sewer, and electric systems. For further information regarding the Village's, refer to Note 11 to the basic financial statements.

Current Financial Related Activities

The Village of Genoa is strong financially. As the preceding information shows, the Village heavily depends on its property/income taxpayers. However, financially the future is not without challenges.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Charles E. Brinkman, Fiscal Officer at 102 E. 6th Street, Genoa, Ohio 43430.

Village of Genoa, Ohio
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 391,124	\$ 2,751,973	\$ 3,143,097
<i>Total Assets</i>	<u>\$ 391,124</u>	<u>\$ 2,751,973</u>	<u>\$ 3,143,097</u>
Net Position			
Restricted for:			
Capital Projects	\$ 202,630	\$ -	\$ 202,630
Other Purposes	2,605	-	2,605
Unrestricted	<u>185,889</u>	<u>2,751,973</u>	<u>2,937,862</u>
<i>Total Net position</i>	<u>\$ 391,124</u>	<u>\$ 2,751,973</u>	<u>\$ 3,143,097</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interst	Governmental Activities	Business-Type Activities	
Governmental Activities						
Current:						
Security of Persons and Property	\$ 365,505	\$ 12,399	\$ -	\$ (353,106)	\$ -	\$ (353,106)
Public Health Services	6,183	-	-	(6,183)	-	(6,183)
Leisure Time Activities	81,330	14,906	-	(66,424)	-	(66,424)
Community Environment	9,796	-	-	(9,796)	-	(9,796)
Transportation	96,292	-	123,081	26,789	-	26,789
General Government	386,611	-	529	(386,082)	-	(386,082)
Capital Outlay	632,906	-	-	(632,906)	-	(632,906)
Debt Service:						
Principal Retirement	270,906	-	-	(270,906)	-	(270,906)
Interest and Fiscal Charges	214,716	-	-	(214,716)	-	(214,716)
<i>Total Governmental Activities</i>	<u>2,064,245</u>	<u>27,305</u>	<u>123,610</u>	<u>(1,913,330)</u>	<u>-</u>	<u>(1,913,330)</u>
Business-Type Activities						
Water	618,935	764,268	-	-	145,333	145,333
Sewer	361,803	327,530	-	-	(34,273)	(34,273)
Electric	1,810,665	2,168,861	-	-	358,196	358,196
Other Enterprise	143,876	144,759	-	-	883	883
<i>Total Business-Type Activities</i>	<u>2,935,279</u>	<u>3,405,418</u>	<u>-</u>	<u>-</u>	<u>470,139</u>	<u>470,139</u>
<i>Total Primary Government</i>	<u>\$ 4,999,524</u>	<u>\$ 3,432,723</u>	<u>\$ 123,610</u>	<u>\$ (1,913,330)</u>	<u>\$ 470,139</u>	<u>\$ (1,443,191)</u>
General Receipts:						
Property Taxes Levied for:						
General Purposes				67,452	-	67,452
Special Purposes				58,323	-	58,323
Income Taxes				753,777	-	753,777
Grants and Entitlements not Restricted to Specific Programs				46,959	-	46,959
Proceeds of Loans				252,540	-	252,540
Earnings on Investments				8,570	295	8,865
Miscellaneous				40,924	36,092	77,016
Transfers				513,300	(513,300)	-
<i>Total General Receipts and Transfers</i>				<u>1,741,845</u>	<u>(476,913)</u>	<u>1,264,932</u>
Change in Net Position				(171,485)	(6,774)	(178,259)
<i>Net Position Beginning of Year</i>				<u>562,609</u>	<u>2,758,747</u>	<u>3,321,356</u>
<i>Net Position End of Year</i>				<u>\$ 391,124</u>	<u>\$ 2,751,973</u>	<u>\$ 3,143,097</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	General	Generator/ Substation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 33,006	\$ 230	\$ 44,326	\$ 313,562	\$ 391,124
<i>Total Assets</i>	<u>\$ 33,006</u>	<u>\$ 230</u>	<u>\$ 44,326</u>	<u>\$ 313,562</u>	<u>\$ 391,124</u>
Fund Balances					
Restricted	\$ -	\$ -	\$ -	\$ 205,235	\$ 205,235
Committed	-	230	44,326	18,027	62,583
Assigned	3,044	-	-	90,300	93,344
Unassigned	29,962	-	-	-	29,962
<i>Total Fund Balances</i>	<u>\$ 33,006</u>	<u>\$ 230</u>	<u>\$ 44,326</u>	<u>\$ 313,562</u>	<u>\$ 391,124</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

	General	Generator/ Substation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 753,777	\$ -	\$ -	\$ -	\$ 753,777
Property Taxes	67,452	-	-	58,323	125,775
Intergovernmental	46,959	-	-	123,081	170,040
Charges for Services	-	-	-	1,050	1,050
Fines, Licenses and Permits	3,078	-	-	10,778	13,856
Cable franchise fees	12,399	-	-	-	12,399
Earnings on Investments	8,570	-	-	529	9,099
Miscellaneous	4,250	-	-	310	4,560
<i>Total Receipts</i>	<u>896,485</u>	<u>-</u>	<u>-</u>	<u>194,071</u>	<u>1,090,556</u>
Disbursements					
Current:					
Security of Persons and Property	365,505	-	-	-	365,505
Public Health Services	6,183	-	-	-	6,183
Leisure Time Activities	-	-	-	81,330	81,330
Community Environment	9,796	-	-	-	9,796
Transportation	-	-	-	96,292	96,292
General Government	340,909	-	5,000	40,702	386,611
Capital Outlay	-	-	340,058	292,848	632,906
Debt Service:					
Principal Retirement	-	204,735	-	66,171	270,906
Interest and Fiscal Charges	-	195,528	-	19,188	214,716
<i>Total Disbursements</i>	<u>722,393</u>	<u>400,263</u>	<u>345,058</u>	<u>596,531</u>	<u>2,064,245</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>174,092</u>	<u>(400,263)</u>	<u>(345,058)</u>	<u>(402,460)</u>	<u>(973,689)</u>
Other Financing Sources (Uses)					
Proceeds of Loan	-	-	-	252,540	252,540
Transfers In	-	400,000	241,255	175,100	816,355
Transfers Out	(276,255)	-	(25,300)	(1,500)	(303,055)
Other Financing Sources	33,716	-	-	2,648	36,364
<i>Total Other Financing Sources (Uses)</i>	<u>(242,539)</u>	<u>400,000</u>	<u>215,955</u>	<u>428,788</u>	<u>802,204</u>
<i>Net Change in Fund Balances</i>	(68,447)	(263)	(129,103)	26,328	(171,485)
<i>Fund Balances Beginning of Year</i>	<u>101,453</u>	<u>493</u>	<u>173,429</u>	<u>287,234</u>	<u>562,609</u>
<i>Fund Balances End of Year</i>	<u>\$ 33,006</u>	<u>\$ 230</u>	<u>\$ 44,326</u>	<u>\$ 313,562</u>	<u>\$ 391,124</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 77,770	\$ 77,770	\$ 67,452	\$ (10,318)
Intergovernmental	695,630	695,630	46,959	(648,671)
Fines, Licenses and Permits	3,700	3,700	3,078	(622)
Cable franchise fees	12,000	12,000	12,399	399
Earnings on Investments	10,000	10,000	8,570	(1,430)
Miscellaneous	2,900	2,900	4,250	1,350
<i>Total Receipts</i>	<u>802,000</u>	<u>802,000</u>	<u>142,708</u>	<u>(659,292)</u>
Disbursements				
Current:				
Security of Persons and Property	497,500	497,500	365,689	131,811
Public Health Services	8,000	8,000	6,183	1,817
Community Environment	16,000	16,000	9,796	6,204
General Government	593,800	593,800	282,313	311,487
<i>Total Disbursements</i>	<u>1,115,300</u>	<u>1,115,300</u>	<u>663,981</u>	<u>451,319</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(313,300)	(313,300)	(521,273)	(207,973)
Other Financing Sources (Uses)				
Transfers In	515,596	515,596	515,596	-
Transfers Out	(35,000)	(35,000)	(35,000)	-
Advances Out	(75,000)	(75,000)	-	75,000
Other Financing Sources	6,500	6,500	33,716	27,216
<i>Total Other Financing Sources (Uses)</i>	<u>412,096</u>	<u>412,096</u>	<u>514,312</u>	<u>102,216</u>
<i>Net Change in Fund Balance</i>	98,796	98,796	(6,961)	(105,757)
<i>Unencumbered Fund Balance Beginning of Year</i>	27,505	27,505	27,505	-
Prior Year Encumbrances Appropriated	2,536	2,536	2,536	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 128,837</u>	<u>\$ 128,837</u>	<u>\$ 23,080</u>	<u>\$ (105,757)</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2013

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,190,597	\$ 26,327	\$ 1,418,106	\$ 116,943	\$ 2,751,973
<i>Total Assets</i>	<u>\$ 1,190,597</u>	<u>\$ 26,327</u>	<u>\$ 1,418,106</u>	<u>\$ 116,943</u>	<u>\$ 2,751,973</u>
Net Position					
Unrestricted	\$ 1,190,597	\$ 26,327	\$ 1,418,106	\$ 116,943	\$ 2,751,973
<i>Total Net Position</i>	<u>\$ 1,190,597</u>	<u>\$ 26,327</u>	<u>\$ 1,418,106</u>	<u>\$ 116,943</u>	<u>\$ 2,751,973</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$ 764,268	\$ 327,530	\$ 2,168,861	\$ 144,759	\$ 3,405,418
<i>Total Operating Receipts</i>	<u>764,268</u>	<u>327,530</u>	<u>2,168,861</u>	<u>144,759</u>	<u>3,405,418</u>
Operating Disbursements					
Personal Services	109,064	113,963	193,765	5,505	422,297
Employee Fringe Benefits	48,413	65,403	82,430	1,128	197,374
Travel and Transportation	-	-	2,172	-	2,172
Contractual Services	28,762	25,673	1,406,850	131,363	1,592,648
Supplies and Materials	284,143	9,641	98,175	-	391,959
Other	43,109	60,160	344	5,880	109,493
<i>Total Operating Disbursements</i>	<u>513,491</u>	<u>274,840</u>	<u>1,783,736</u>	<u>143,876</u>	<u>2,715,943</u>
<i>Operating Income (Loss)</i>	<u>250,777</u>	<u>52,690</u>	<u>385,125</u>	<u>883</u>	<u>689,475</u>
Non-Operating Receipts (Disbursements)					
Earnings on Investments	-	-	295	-	295
Capital Outlay	(16,111)	(42,942)	(20,596)	-	(79,649)
Principal Retirement	(71,250)	(38,320)	(6,250)	-	(115,820)
Interest and Other Fiscal Charges	(18,083)	(5,701)	(83)	-	(23,867)
Other Financing Sources	4,100	5,180	23,780	3,032	36,092
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(101,344)</u>	<u>(81,783)</u>	<u>(2,854)</u>	<u>3,032</u>	<u>(182,949)</u>
<i>Income (Loss) before Transfers</i>	149,433	(29,093)	382,271	3,915	506,526
Transfers Out	(63,500)	(9,800)	(440,000)	-	(513,300)
<i>Change in Net Position</i>	85,933	(38,893)	(57,729)	3,915	(6,774)
<i>Net Position Beginning of Year</i>	<u>1,104,664</u>	<u>65,220</u>	<u>1,475,835</u>	<u>113,028</u>	<u>2,758,747</u>
<i>Net Position End of Year</i>	<u>\$ 1,190,597</u>	<u>\$ 26,327</u>	<u>\$ 1,418,106</u>	<u>\$ 116,943</u>	<u>\$ 2,751,973</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2012

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 562,609	\$ 2,758,747	\$ 3,321,356
<i>Total Assets</i>	<u>\$ 562,609</u>	<u>\$ 2,758,747</u>	<u>\$ 3,321,356</u>
Net Position			
Restricted for:			
Capital Projects	\$ 198,698	\$ -	\$ 198,698
Other Purposes	2,305	-	2,305
Unrestricted	<u>361,606</u>	<u>2,758,747</u>	<u>3,120,353</u>
<i>Total Net position</i>	<u>\$ 562,609</u>	<u>\$ 2,758,747</u>	<u>\$ 3,321,356</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2012

	<u>General</u>	<u>Generator/ Substation Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 101,453	\$ 493	\$ 173,429	\$ 287,234	\$ 562,609
<i>Total Assets</i>	<u>\$ 101,453</u>	<u>\$ 493</u>	<u>\$ 173,429</u>	<u>\$ 287,234</u>	<u>\$ 562,609</u>
Fund Balances					
Restricted	\$ -	\$ -	\$ -	\$ 201,003	\$ 201,003
Committed	-	493	173,429	26,231	200,153
Assigned	2,536	-	-	60,000	62,536
Unassigned	98,917	-	-	-	98,917
<i>Total Fund Balances</i>	<u>\$ 101,453</u>	<u>\$ 493</u>	<u>\$ 173,429</u>	<u>\$ 287,234</u>	<u>\$ 562,609</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2012

	General	Generator/ Substation Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 754,338	\$ -	\$ -	\$ -	\$ 754,338
Property Taxes	79,005	-	-	67,972	146,977
Intergovernmental	157,330	-	-	121,748	279,078
Charges for Services	-	-	-	1,130	1,130
Fines, Licenses and Permits	11,868	-	-	17,043	28,911
Earnings on Investments	8,923	-	-	460	9,383
Miscellaneous	3,670	-	-	-	3,670
<i>Total Receipts</i>	<u>1,015,134</u>	<u>-</u>	<u>-</u>	<u>208,353</u>	<u>1,223,487</u>
Disbursements					
Current:					
Security of Persons and Property	415,841	-	-	-	415,841
Public Health Services	6,311	-	-	-	6,311
Leisure Time Activities	-	-	-	106,432	106,432
Community Environment	20,962	-	-	-	20,962
Transportation	-	-	-	104,997	104,997
General Government	368,262	-	-	39,270	407,532
Capital Outlay	34,174	-	215,933	234,869	484,976
Debt Service:					
Principal Retirement	-	179,167	-	589,158	768,325
Interest and Fiscal Charges	-	220,590	-	45,244	265,834
<i>Total Disbursements</i>	<u>845,550</u>	<u>399,757</u>	<u>215,933</u>	<u>1,119,970</u>	<u>2,581,210</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>169,584</u>	<u>(399,757)</u>	<u>(215,933)</u>	<u>(911,617)</u>	<u>(1,357,723)</u>
Other Financing Sources (Uses)					
Proceeds of OPWC Loan	-	-	-	222,891	222,891
Transfers In	-	400,000	235,164	683,984	1,319,148
Transfers Out	(800,748)	-	(32,600)	(1,500)	(834,848)
Other Financing Sources	13,615	-	-	4,684	18,299
Other Financing Uses	(1,000)	-	-	-	(1,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(788,133)</u>	<u>400,000</u>	<u>202,564</u>	<u>910,059</u>	<u>724,490</u>
<i>Net Change in Fund Balances</i>	(618,549)	243	(13,369)	(1,558)	(633,233)
<i>Fund Balances Beginning of Year</i>	<u>720,002</u>	<u>250</u>	<u>186,798</u>	<u>288,792</u>	<u>1,195,842</u>
<i>Fund Balances End of Year</i>	<u>\$ 101,453</u>	<u>\$ 493</u>	<u>\$ 173,429</u>	<u>\$ 287,234</u>	<u>\$ 562,609</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 75,500	\$ 77,770	\$ 79,005	\$ 1,235
Intergovernmental	220,000	643,330	157,330	(486,000)
Fines, Licenses and Permits	14,150	14,150	11,868	(2,282)
Earnings on Investments	20,000	20,000	8,923	(11,077)
Miscellaneous	2,400	2,400	3,670	1,270
<i>Total Receipts</i>	<u>332,050</u>	<u>757,650</u>	<u>260,796</u>	<u>(496,854)</u>
Disbursements				
Current:				
Security of Persons and Property	424,632	444,250	415,841	28,409
Public Health Services	8,000	8,000	6,311	1,689
Community Environment	27,000	26,000	20,962	5,038
General Government	350,000	513,550	308,039	205,511
Capital Outlay	40,235	43,500	34,174	9,326
<i>Total Disbursements</i>	<u>849,867</u>	<u>1,035,300</u>	<u>785,327</u>	<u>249,973</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(517,817)	(277,650)	(524,531)	(246,881)
Other Financing Sources (Uses)				
Transfers In	538,000	438,733	438,733	-
Transfers Out	(650,000)	(565,584)	(565,584)	-
Other Financing Sources	2,000	4,500	12,960	8,460
Other Financing Uses	(3,000)	(3,000)	(1,000)	2,000
<i>Total Other Financing Sources (Uses)</i>	<u>(113,000)</u>	<u>(125,351)</u>	<u>(114,891)</u>	<u>10,460</u>
<i>Net Change in Fund Balance</i>	(630,817)	(403,001)	(639,422)	(236,421)
<i>Unencumbered Fund Balance Beginning of Year</i>	656,941	656,941	656,941	-
Prior Year Encumbrances Appropriated	9,986	9,986	9,986	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 36,110</u>	<u>\$ 263,926</u>	<u>\$ 27,505</u>	<u>\$ (236,421)</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2012

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,104,664	\$ 65,220	\$ 1,475,835	\$ 113,028	\$ 2,758,747
<i>Total Assets</i>	<u>\$ 1,104,664</u>	<u>\$ 65,220</u>	<u>\$ 1,475,835</u>	<u>\$ 113,028</u>	<u>\$ 2,758,747</u>
Net Position					
Unrestricted	\$ 1,104,664	\$ 65,220	\$ 1,475,835	\$ 113,028	\$ 2,758,747
<i>Total Net Position</i>	<u>\$ 1,104,664</u>	<u>\$ 65,220</u>	<u>\$ 1,475,835</u>	<u>\$ 113,028</u>	<u>\$ 2,758,747</u>

See accompanying notes to the basic financial statements

Village of Genoa, Ohio
Ottawa County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$ 825,153	\$ 335,796	\$ 1,988,736	\$ 143,643	\$ 3,293,328
<i>Total Operating Receipts</i>	<u>825,153</u>	<u>335,796</u>	<u>1,988,736</u>	<u>143,643</u>	<u>3,293,328</u>
Operating Disbursements					
Personal Services	72,491	106,590	139,169	2,626	320,876
Employee Fringe Benefits	51,226	64,592	81,130	563	197,511
Travel and Transportation	-	-	1,138	-	1,138
Contractual Services	20,103	25,866	1,229,833	120,387	1,396,189
Supplies and Materials	301,516	17,622	52,506	-	371,644
Other	64,243	47,296	43,241	4,500	159,280
<i>Total Operating Disbursements</i>	<u>509,579</u>	<u>261,966</u>	<u>1,547,017</u>	<u>128,076</u>	<u>2,446,638</u>
<i>Operating Income (Loss)</i>	<u>315,574</u>	<u>73,830</u>	<u>441,719</u>	<u>15,567</u>	<u>846,690</u>
Non-Operating Receipts (Disbursements)					
Earnings on Investments	-	-	296	-	296
Other Debt Proceeds	11,166	11,167	11,167	-	33,500
Capital Outlay	(11,567)	(33,796)	(30,436)	-	(75,799)
Principal Retirement	(64,916)	(35,007)	(4,917)	-	(104,840)
Interest and Other Fiscal Charges	(20,753)	(7,582)	(83)	-	(28,418)
Other Financing Sources	-	3,361	13,697	-	17,058
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(86,070)</u>	<u>(61,857)</u>	<u>(10,276)</u>	<u>-</u>	<u>(158,203)</u>
<i>Income (Loss) before Transfers</i>	229,504	11,973	431,443	15,567	688,487
Transfers Out	(54,500)	(4,800)	(425,000)	-	(484,300)
<i>Change in Net Position</i>	175,004	7,173	6,443	15,567	204,187
<i>Net Position Beginning of Year</i>	<u>929,660</u>	<u>58,047</u>	<u>1,469,392</u>	<u>97,461</u>	<u>2,554,560</u>
<i>Net Position End of Year</i>	<u>\$ 1,104,664</u>	<u>\$ 65,220</u>	<u>\$ 1,475,835</u>	<u>\$ 113,028</u>	<u>\$ 2,758,747</u>

See accompanying notes to the basic financial statements

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 1 – Reporting Entity

The Village of Genoa, Ottawa County, Ohio (the Village) is a body politic and corporate 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 six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Genoa, Ottawa County, Ohio provides the following services to its citizens: police protection, parks and recreation, building inspection, street maintenance and repairs, water, sewer and refuse collection. Council has direct responsibility for these services.

Joint Venture

The Village is a member of JV2 and JV5 which are joint ventures with several other governments to produce electric power. These joint ventures are managed by American Municipal Power (AMP-Ohio). Notes 14 and 15 to the financial statements provides additional information for these joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village participates in a public entity risk pool. This organization is presented in Note 8 to the financial statements. This entity is the Public Entities Pool of Ohio.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net position presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Generator/Substation Fund - The generator/substation fund accounts for and reports transfers used to pay interest and principal on the American Municipal Power loan.

Capital Improvements Fund The capital improvements fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sewer services to the residents and commercial users within the Village.

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

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2013 and 2012, the Village invested in nonnegotiable certificates of deposit and repurchase agreements. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 and 2012 were \$8,570 and \$8,923 respectively.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments and the replacement and improvement of capital assets originally acquired with bond proceeds. The Village has no restricted assets.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (Continued)

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net Position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for various grants and income taxes. Restricted for capital projects are for the construction and maintenance of Village streets.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 2 – Summary of Significant Accounting Policies (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Accounting Principle

For 2012, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The Village had outstanding encumbrances of \$3,044 in 2013 and \$2,536 in 2012 in the General Fund.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

	<u>2013</u>	<u>2012</u>
General Fund Cash Accounting Basis	\$ 33,006	\$ 101,453
Encumbrances	(3,044)	(2,536)
Perspective Differences:		
Activity of fund reclassified for GASB 54		
Income tax fund balance	(6,882)	(71,412)
Budget Basis	<u>\$ 23,080</u>	<u>\$ 27,505</u>

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 5 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end 2013 and 2012, the Village had \$400 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013, the Village had total deposits of \$2,422,251, of which the bank balance was \$2,515,194. Of this balance, \$1,171,245 was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2012, the Village had total deposits of \$2,432,910, of which the bank balance was \$2,503,239. Of this balance, \$263,249 was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 5 – Deposits and Investments (Continued)

Investments

As of December 31, 2013 and 2012, the Village had the following investments:

Investment Type	Fair Value at 12/31/2013	Fair Value at 12/31/2012	Maturity	Rating
Repurchase Agreements	\$ 720,846	\$ 888,446	Daily	AAAm(1)
Total Investments	<u>\$ 720,846</u>	<u>\$ 888,446</u>		

(1) Standard and Poor's rating

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The repurchase agreements carry a rating of AAAm by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Income Taxes

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's Income Tax Department. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Sixty-eight percent is credited to the General Fund and thirty-two percent is credited to the Capital Projects Fund.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2013 and 2012 was \$8.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which the 2013 and 2012 property tax receipts were based are as follows:

	2013	2012
Real Property	\$ 32,346,350	\$ 32,292,450
Public Utility Personal Property	506,390	464,170
Total	\$ 32,852,740	\$ 32,756,620

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

Note 8 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Village of Genoa
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Note 8 – Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013;

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$28,260.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$35,540	\$40,370

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar on nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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Note 9 – Defined Benefit Pension Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377, or by visiting the OPERS website at <https://www.opers.org/investments/cafr.shtml>.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2013 and 2012, members in the state and local divisions contributed 10% of covered payroll. The Village employed no public safety members and no law enforcement members in 2013 or 2012. The Village's contribution rate for state and local members in 2013 and 2012 was 14% of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012 and 2011 were \$87,063, \$66,296 and \$62,641, respectively. The full amount has been contributed for each year. There were no contributions to the member-directed plan for 2013.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OP&F website at www.op-f.org.

Funding Policy – From January 1, 2012 through July 1, 2013, plan members are required to contribute 10 percent of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members are required to contribute 10.75 percent of their annual covered salary. The Village's contribution was 19.5% for police officers. Contribution rates are established by State statute. The Village's required contributions to OP&F for the years ended December 31, 2013, 2012 and 2011 were \$35,183, \$24,024 and \$19,186, respectively. The full amount has been contributed for each year.

Note 10 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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Note 10 - Postemployment Benefits (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-retirement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 and 2012, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% for 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent and the Combined Plan was 6.05 percent during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012 and 2011 were \$6,697 \$26,518 and \$25,046, respectively. The full amount has been contributed for those years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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Note 10 - Postemployment Benefits (Continued)

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employees. Active members do not make contributions to the OBEB Plan. OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was 6.75 percent of covered payroll for 2012. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 through May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$8,071 for the year ended December 31, 2013, \$12,718 for the year ended December 31, 2012 and \$10,158 for the year ended December 31, 2011. The full amount has been contributed for each year.

Note 11 – Debt

The Village's long-term debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Interest Rates	Balance at 1/1/2013	Increase	Decrease	Balance at 12/31/2013	Due within one year
Governmental Activities:						
O.P.W.C. Loans	0%	\$ 673,757	\$ 252,540	\$ (40,100)	\$ 886,197	\$ 41,179
O.W.D.A. Loans	6.32%	303,604	-	(26,071)	277,533	27,720
AMP - Ohio Electric Bonds	2.80%	4,386,248	-	(204,735)	4,181,513	190,000
Total Governmental Activities		\$ 5,363,609	\$ 252,540	\$ (270,906)	\$ 5,345,243	\$ 258,899
Business-Type Activities						
Ford Motor Note		\$ 18,750	\$ -	\$ (18,750)	\$ -	\$ -
O.W.D.A. Loans	6.58%	83,882	-	(32,070)	51,812	34,180
Mortgage Revenue Bonds	5%	360,000	-	(65,000)	295,000	70,000
Total Business-Type Activities		\$ 462,632	\$ -	\$ (115,820)	\$ 346,812	\$ 104,180
	Interest Rates	Balance at 1/1/2012	Increase	Decrease	Balance at 12/31/2012	Due within one year
Governmental Activities:						
O.P.W.C. Loans	0%	\$ 481,664	\$ 222,891	\$ (30,798)	\$ 673,757	\$ 40,100
O.W.D.A. Loans	6.32%	328,126	-	(24,522)	303,604	26,071
AMP - Ohio Electric Bonds	2.80%	4,565,415	-	(179,167)	4,386,248	204,735
Water System G.O. Bond	4.25%	533,838	-	(533,838)	-	-
Total Governmental Activities		\$ 5,909,043	\$ 222,891	\$ (768,325)	\$ 5,363,609	\$ 270,906
Business-Type Activities						
Ford Motor Note		\$ -	\$ 33,500	\$ (14,750)	\$ 18,750	\$ 18,750
O.W.D.A. Loans	6.58%	113,972	-	(30,090)	83,882	32,070
Mortgage Revenue Bonds	5%	420,000	-	(60,000)	360,000	65,000
Total Business-Type Activities		\$ 533,972	\$ 33,500	\$ (104,840)	\$ 462,632	\$ 115,820

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Note 11 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant and waterline improvement. The American Municipal Power Electric System Bonds relate to the construction and improvements of substations, electrical upgrades and electric generators which are used in the Village Genoa's electric system. The Water Improvement General Obligation Bonds relate to the Village's water system improvements. Mortgage Revenue Bonds were used for waterworks improvements.

The OPWC loans were for sewer system and street repairs. In 2012, the Village entered into a loan agreement with OPWC for \$222,891 for the Northwest Area Storm Sewer Improvement Phase IV project with a bi-annual payment of \$5,572 and a term of 20 years. In 2013, the Village entered into a loan agreement with OPWC for \$144,278 for the Northwest Area Storm Sewer Phase V project with a bi-annual payment of \$2,405 and a term of 30 years. Also in 2013, OPWC started the Northwest Area Storm Sewer Phase VI project and disbursed \$125,491. As of December 31, 2013, the Village had booked \$108,261 of the project cost. The project is not complete and the amortization schedule is not yet available.

In 2004, as part of the AMP-Ohio bond refinancing, the Village was required to deposit \$402,370 into a Debt Service Reserve Fund to be held and maintained by the Trustee until the bond debt service payments are paid in full.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

For the Year Ending 12/31	O.W.D.A	O.W.D.A	AMP	AMP	O.P.W.C
	Loans Principal	Loans Interest	Bonds Principal	Bonds Interest	Loans Principal
2014	\$ 61,900	\$ 20,949	\$ 190,000	\$ 208,775	\$ 41,179
2015	47,106	16,948	200,000	198,800	41,179
2016	31,335	13,925	210,000	188,300	41,179
2017	33,315	11,945	225,000	177,275	41,179
2018	35,420	9,839	235,000	165,463	41,179
2019-2023	120,269	15,512	1,375,000	629,125	205,895
2024-2027	-	-	1,746,513	249,750	193,665
2028-2032	-	-	-	-	101,794
2033-2037	-	-	-	-	50,373
2038-2042	-	-	-	-	20,315
Total	\$ 329,345	\$ 89,118	\$ 4,181,513	\$ 1,817,488	\$ 777,937

For the Year Ending 12/31	Mortgage Rev.	Mortgage Rev.
	Bonds Principal	Bonds Interest
2014	\$ 70,000	\$ 14,750
2015	70,000	11,250
2016	75,000	7,750
2017	80,000	4,000
Total	\$ 295,000	\$ 37,750

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Note 11 – Debt (Continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2013	General	Generator	Capital	Other	
Fund Balances	Fund	Substation	Improvement	Governmental	Total
		Fund	Fund	Funds	
Restricted for					
Road Improvements	-	-	-	\$ 202,630	\$ 202,630
Other	-	-	-	2,605	2,605
<i>Total Restricted</i>	-	-	-	\$ 205,235	\$ 205,235
Committed to					
Debt Service	-	\$ 230	-	\$ 10,900	\$ 11,130
Capital Projects	-	-	\$ 44,326	246	\$ 44,572
Other	-	-	-	6,881	6,881
<i>Total Committed</i>	-	\$ 230	\$ 44,326	\$ 18,027	\$ 62,583
Assigned to					
Purchase of equipment	-	-	-	\$ 90,300	\$ 90,300
Encumbrances	\$ 3,044	-	-	-	3,044
<i>Total Assigned</i>	\$ 3,044	-	-	\$ 90,300	\$ 93,344
Unassigned :	\$ 29,962	-	-	-	\$ 29,962
<i>Total Fund Balances</i>	\$ 33,006	\$ 230	\$ 44,326	\$ 313,562	\$ 391,124

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Note 12 – Fund Balances (Continued)

2012	General	Generator	Capital	Other	
Fund Balances	Fund	Substation	Improvement	Governmental	Total
	Fund	Fund	Fund	Funds	
Restricted for					
Road Improvements	-	-	-	\$ 198,698	\$ 198,698
Other	-	-	-	2,305	2,305
<i>Total Restricted</i>	-	-	-	\$ 201,003	\$ 201,003
Committed to					
Debt Service	-	\$ 493	-	\$ 10,631	\$ 11,124
Capital Projects	-	-	\$ 173,429	8,720	\$ 182,149
Other	-	-	-	6,880	6,880
<i>Total Committed</i>	-	\$ 493	\$ 173,429	\$ 26,231	\$ 200,153
Assigned to					
Purchase of equipment	-	-	-	\$ 60,000	\$ 60,000
Encumbrances	\$ 2,536	-	-	-	2,536
<i>Total Assigned</i>	\$ 2,536	-	-	\$ 60,000	\$ 62,536
Unassigned :	\$ 98,917	-	-	-	\$ 98,917
<i>Total Fund Balances</i>	\$ 101,453	\$ 493	\$ 173,429	\$ 287,234	\$ 562,609

Note 13 – Interfund Transfers

During 2013 and 2012 the following transfers were made:

Fund	2013		2012	
	Transfers In	Transfers Out	Transfers In	Transfers Out
General	\$ -	\$ 276,255	\$ -	\$ 800,748
Street	-	1,500	-	1,500
Park & Recreation	-	-	10,000	-
Generator/Substation Debt	400,000	-	400,000	-
Genoa Bank Note	-	-	555,684	-
OWDA Washington Street.	45,500	-	46,500	-
Equipment Debt Fund	39,300	-	39,300	-
Capital Improvement	241,255	25,300	235,164	32,600
Major Projects	30,300	-	32,500	-
Water Fund	-	63,500	-	54,500
Sewer Fund	-	9,800	-	4,800
Electric Fund	-	440,000	-	425,000
Equipment Reserve Fund	60,000	-	-	-
Total	\$ 816,355	\$ 816,355	\$ 1,319,148	\$ 1,319,148

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Notes to the Basic Financial Statements
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Note 13 – Interfund Transfers (Continued)

Transfers are made from the General fund to subsidize operations of other funds. Transfers are also made from other funds to move money for the payment of debt and capital expenditures. Transfers were in accordance with budgetary authorizations and Ohio Revised Code provisions.

Note 14 – Joint Ventures

OMEGA JV2

The Village of Genoa is a Financing Participant and an Owner Participant with percentages of liability and ownership of .19% and .15% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 the Village of Genoa has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2013, the outstanding debt was \$15,769,323. The Village's net obligation for this amount at December 31, 2013 was \$29,962. The Village's net investment in OMEGA JV2 was \$33,817 at December 31, 2013 and \$38,861 at December 31, 2012. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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Notes to the Basic Financial Statements
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Note 14 – Joint Ventures (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2013 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The Village's liability for the bonds is disclosed below:

	<u>Years</u>	Total Debt		
		Principal	Interest	Service
2014		\$ 7,186	\$ 384	\$ 7,570
2015		7,278	292	7,570
2016		7,371	199	7,570
2017-2020		8,127	113	8,240
Total Gross Liability		<u>\$ 29,962</u>	<u>\$ 988</u>	<u>\$ 30,950</u>
Net Obligation		<u>\$ 29,962</u>		

Village of Genoa
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Note 14 – Joint Ventures (Continued)

OMEGA JV5

The Village of Genoa is a Financing Participant with an ownership percentage of .69 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Genoa has not met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$67,427 at December 31, 2013 and 2012. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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Note 15 - American Municipal Power Generating Station Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,638 kilowatts of a total 771,281 kilowatts, giving the Village a 0.21 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$283,643. The Village received a credit of \$99,402 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$74,078 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$110,163. The Village will begin making payments once the final amortization schedule is approved by AMP Ohio. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

The Village intends to recover these costs and repay AMP through a power cost adjustment.

Note 16 – Restatement of Prior Year Fund Balance

Fund balances were restated at December 31, 2011 to properly account for the activity in the Village's Income Tax Fund, as follows:

	General	Income Tax	Total
Fund Balance at			
December 31, 2011	\$ 666,927	\$ 53,075	\$ 720,002
Adjustment for Change in Fund Structure	53,075	(53,075)	-
Adjusted Fund Balance at			
December 31, 2011	<u>\$ 720,002</u>	<u>\$ -</u>	<u>\$ 720,002</u>

Note 17 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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

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

Village of Genoa
Ottawa County
102 E. Sixth Street
Genoa, Ohio 43430

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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, Ottawa County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 24, 2014, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2013-01 and 02 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-01 and 02.

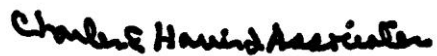
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 24, 2014.

Entity's Response to Findings

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

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 E. Harris & Associates, Inc.
July 24, 2014

**VILLAGE OF GENOA
OTTAWA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-01 Material Weakness and Non-compliance

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Village Officers' Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2012, the Village obtained a two-year loan to purchase a truck. Proceeds of loans were not recorded and the payment of debt was entered as capital outlay. The accompanying financial statements were adjusted to reflect the proper recording of amounts.

Management Response:

The fiscal officer agrees and will post transactions in the proper accounts in the future.

FINDING NUMBER 2013-02 Material Weakness and Non-compliance

R.C. § 5705.14(E) provides that money may be transferred from the general fund to any other fund of the subdivision. No transfer can be made from one fund of a subdivision to any other fund, except for those specified under Ohio Rev. Code Sections 5705.05-.06, 5705.14 (A) and (B) (C)(1) (C)(2), (D), 5705.15, and 5705.16.

During 2013, the Village transferred \$5,000 from Capital Improvement Fund (403) to the General Fund as payment for engineering fees paid by the General Fund for capital projects undertaken by the Village. The transfer was reversed and an adjustment was made to debit engineering fees from the Capital Improvement Fund and credit a reduction of expenditure in the General Fund.

During 2013, the Village transferred \$80,000 from Electric Fund (603) to the General Fund. The transfer was reversed.

The Village's books and accompanying financial statements were adjusted to reflect the correct activity.

Management Response:

The fiscal officer agrees and will post transactions in the proper accounts in the future.

**VILLAGE OF GENOA
OTTAWA 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

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Dave Yost • Auditor of State

VILLAGE OF GENOA

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 18, 2014