

***VILLAGE OF GENOA***

**OTTAWA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2011 and 2010**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Genoa, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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

December 14, 2012

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**VILLAGE OF GENOA  
OTTAWA COUNTY  
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**Rockefeller Building**  
**614 West Superior Avenue Suite 1242**  
**Cleveland, OH 44113-1306**  
**Office Phone - (216) 575-1630**  
**Fax - (216) 436-2411**

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the 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, 2011 and 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the Village of Genoa, Ottawa County, prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, Ottawa County, as of December 31, 2011 and 2010, and the respective changes in its cash basis financial position thereof and the budgetary comparison for the General Fund and each major special revenue fund for the years then ended in conformity with the basis of accounting described in Note 2.

As described in Note 3, for 2010, the Village implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is 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.

*Charles Harris Associates*

**Charles E. Harris & Associates, Inc.**

September 10, 2012



**VILLAGE OF GENOA**  
**Ottawa County, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2011 and 2010**  
**(unaudited)**

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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, 2011 and 2010, 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 2011 and 2010 are as follows:

- For governmental activities, net assets increased \$40,592 in 2011 from 2010.
- In 2011, general receipts accounted for \$1,699,539 in receipt or 91.6 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$155,568 or 8.4 percent of total governmental receipts of \$1,855,107. In 2010, general receipts accounted for \$1,625,775 in receipt or 88.2 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$217,625 or 11.8 percent of total governmental receipts of \$1,843,400.
- In 2011, the Village had \$1,814,515 in disbursements related to governmental activities; only \$155,568 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,699,539 were adequate to provide for these programs. In 2010, the Village had \$1,992,203 in disbursements related to governmental activities; only \$217,625 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,625,775 were not adequate to provide for these programs.
- In 2011, among major funds, the general fund and income tax fund had \$771,287 and \$805,904 in receipts and \$804,095 and \$811,186 in disbursements. The general fund's fund balance decreased to \$666,927 from \$699,735. The income tax fund's fund balance decreased to \$53,075 from \$58,357. In 2010, among major funds, the general fund and income tax fund had \$727,809 and \$753,013 in receipts and \$829,553 and \$761,364 in disbursements.
- In 2011, for business-type activities, program receipts were \$3,424,400. These helped offset disbursements of \$2,777,292. In 2010, for business-type activities, program receipts were \$3,491,839. These helped offset disbursements of \$2,672,948.

**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 Assets* 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, Income Tax Fund, Generator/Substation Fund, and the Capital Improvement Fund by far are the most significant funds.

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**Reporting the Village as a Whole**

*Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the Village did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets 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 assets* and changes in those assets. This change in net assets 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 Assets 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 2011 and 20 for 2010. 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, Income Tax 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 Assets 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**  
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**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on the cash basis:

**Table 1**

|                           | Governmental<br>Activities |                     | Business-Type<br>Activities |                     | Total               |                     |
|---------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
|                           | 2011                       | 2010                | 2011                        | 2010                | 2011                | 2010                |
| <b>Assets:</b>            |                            |                     |                             |                     |                     |                     |
| Cash and Cash Equivalents | \$ 1,195,842               | \$ 1,155,250        | \$ 2,554,560                | \$ 2,400,070        | \$ 3,750,402        | \$ 3,555,320        |
| <i>Total Assets</i>       | <u>\$ 1,195,842</u>        | <u>\$ 1,155,250</u> | <u>\$ 2,554,560</u>         | <u>\$ 2,400,070</u> | <u>\$ 3,750,402</u> | <u>\$ 3,555,320</u> |
| <b>Net Assets:</b>        |                            |                     |                             |                     |                     |                     |
| Restricted                |                            |                     |                             |                     |                     |                     |
| Capital Projects          | \$ 201,521                 | \$ 204,030          | \$ -                        | \$ -                | \$ 201,521          | \$ 204,030          |
| Other Purposes            | 54,429                     | 59,440              | -                           | -                   | 54,429              | 59,440              |
| Unrestricted              | <u>939,892</u>             | <u>891,780</u>      | <u>2,554,560</u>            | <u>2,400,700</u>    | <u>3,494,452</u>    | <u>3,292,480</u>    |
| <i>Total Net Assets</i>   | <u>\$ 1,195,842</u>        | <u>\$ 1,155,250</u> | <u>\$ 2,554,560</u>         | <u>\$ 2,400,700</u> | <u>\$ 3,750,402</u> | <u>\$ 3,555,950</u> |

The tables below show the net changes in net assets for 2011 and 2010.

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

Table 2

|                                    | Governmental<br>Activities |                  | Business-Type<br>Activities |                  | Total            |                  |
|------------------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
|                                    | 2011                       | 2010             | 2011                        | 2010             | 2011             | 2010             |
| <b>Receipts:</b>                   |                            |                  |                             |                  |                  |                  |
| <b>Program Receipts:</b>           |                            |                  |                             |                  |                  |                  |
| Charges for Services and Sales     | \$ 20,761                  | \$ 21,524        | \$ 3,424,400                | \$ 3,491,839     | \$ 3,445,161     | \$ 3,513,363     |
| Operating Grants and Contributions | 115,003                    | 121,611          | -                           | -                | 115,003          | 121,611          |
| Capital Grants and Contributions   | 19,804                     | 74,490           | -                           | -                | 19,804           | 74,490           |
| <b>General Receipts:</b>           |                            |                  |                             |                  |                  |                  |
| Property Taxes                     | 149,758                    | 154,154          | -                           | -                | 149,758          | 154,154          |
| Municipal Income Taxes             | 805,312                    | 752,614          | -                           | -                | 805,312          | 752,614          |
| Other Local Taxes                  | 71,326                     | 78,305           | -                           | -                | 71,326           | 78,305           |
| Intergovernmental                  | 103,582                    | 84,730           | -                           | -                | 103,582          | 84,730           |
| Sale of Notes                      | -                          | 24,332           | -                           | -                | -                | 24,332           |
| Sale of Capital Assets             | -                          | 2,529            | -                           | -                | -                | 2,529            |
| Cable Franchise Fees               | 21,359                     | 10,763           | -                           | -                | 21,359           | 10,763           |
| Earnings on Investments            | 16,672                     | 23,146           | 295                         | 1,676            | 16,967           | 24,822           |
| Miscellaneous                      | 12,355                     | 8,755            | 26,262                      | 12,422           | 38,617           | 21,177           |
| Transfers                          | 519,175                    | 486,447          | -                           | -                | 519,175          | 486,447          |
| <b>Total Receipts</b>              | <b>1,855,107</b>           | <b>1,843,400</b> | <b>3,450,957</b>            | <b>3,505,937</b> | <b>5,306,064</b> | <b>5,349,337</b> |
| <b>Disbursements:</b>              |                            |                  |                             |                  |                  |                  |
| <b>Current:</b>                    |                            |                  |                             |                  |                  |                  |
| Security of Persons and Property   | 337,348                    | 375,341          | -                           | -                | 337,348          | 375,341          |
| Public Health Services             | 6,335                      | 6,416            | -                           | -                | 6,335            | 6,416            |
| Leisure Time Activities            | 79,044                     | 75,063           | -                           | -                | 79,044           | 75,063           |
| Community Environment              | 20,967                     | 14,972           | -                           | -                | 20,967           | 14,972           |
| Transportation                     | 113,061                    | 98,297           | -                           | -                | 113,061          | 98,297           |
| General Government                 | 428,854                    | 445,544          | -                           | -                | 428,854          | 445,544          |
| Other                              | 1,000                      | 5,661            | -                           | -                | 1,000            | 5,661            |
| Transfers                          | -                          | -                | 519,175                     | 486,447          | 519,175          | 486,447          |
| Capital Outlay                     | 259,918                    | 428,522          | -                           | -                | 259,918          | 428,522          |
| Debt Service                       | 567,988                    | 542,387          | -                           | -                | 567,988          | 542,387          |
| Water                              | -                          | -                | 654,158                     | 637,102          | 654,158          | 637,102          |
| Sewer                              | -                          | -                | 345,915                     | 324,815          | 345,915          | 324,815          |
| Electric                           | -                          | -                | 1,614,763                   | 1,564,565        | 1,614,763        | 1,564,565        |
| Garbage                            | -                          | -                | 151,677                     | 142,706          | 151,677          | 142,706          |
| Utilities Deposit                  | -                          | -                | 10,779                      | 3,760            | 10,779           | 3,760            |
| <b>Total Disbursements</b>         | <b>1,814,515</b>           | <b>1,992,203</b> | <b>3,296,467</b>            | <b>3,159,395</b> | <b>5,110,982</b> | <b>5,151,598</b> |
| Changes in Net Assets              | \$ 40,592                  | \$ (148,803)     | \$ 154,490                  | \$ 346,542       | \$ 195,082       | \$ 197,739       |

**Governmental Activities**

In 2011, net assets of the Village's governmental activities increased by \$40,592. The governmental disbursements of \$1,814,515 were primarily offset by program receipts of \$155,568, general receipts of \$1,699,539 and the prior year cash balance. Program receipts supported 8.6% of the total governmental activities.

In 2011, the primary sources of receipt for governmental activities are derived from property taxes and income taxes. These two receipt sources represent 51.5% of total general and program receipts.

In 2010, net assets of the Village's governmental activities decreased by \$148,803. The governmental disbursements of \$1,992,203 were primarily offset by program receipts of \$217,625, general receipts of \$1,625,775, and the prior year cash balance. Program receipts supported 11.0% of the total governmental activities.

In 2010, the primary sources of receipt for governmental activities are derived from property taxes and income taxes. These two receipt sources represent 49.2% of total general and program receipts.

**VILLAGE OF GENOA**  
**Ottawa County, Ohio**  
**Management's Discussion and Analysis**  
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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 2011 and 2010. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements.

**Table 4**

**Total and Cost of Program Services**

|                                  | 2011                     |                        | 2011                     |                        |
|----------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                  | Total Cost<br>of Service | Net Cost<br>of Service | Total Cost<br>of Service | Net Cost<br>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                          | -                        | -                      | 151,677                  | (15,106)               |
| Utilities Deposit                | -                        | -                      | 10,779                   | (10,779)               |
| <b>Total Disbursements</b>       | <b>\$ 1,814,515</b>      | <b>\$ (1,658,947)</b>  | <b>\$ 2,777,292</b>      | <b>\$ 645,918</b>      |

|                                  | Governmental Activities  |                        | Business Type Activities |                        |
|----------------------------------|--------------------------|------------------------|--------------------------|------------------------|
|                                  | 2010                     |                        | 2010                     |                        |
|                                  | Total Cost<br>of Service | Net Cost<br>of Service | Total Cost<br>of Service | Net Cost<br>of Service |
| Security of Persons and Property | \$ 375,341               | \$ (374,007)           | -                        | -                      |
| Public Health Services           | 6,416                    | (6,416)                | -                        | -                      |
| Leisure Time Activities          | 75,063                   | (46,415)               | -                        | -                      |
| Community Environment            | 14,972                   | (14,972)               | -                        | -                      |
| Transportation                   | 98,297                   | 12,906                 | -                        | -                      |
| General Government               | 445,544                  | (443,594)              | -                        | -                      |
| Capital Outlay                   | 428,522                  | (354,032)              | -                        | -                      |
| Debt Service                     | 542,387                  | (542,387)              | -                        | -                      |
| Other                            | 5,661                    | (5,661)                | -                        | -                      |
| Water                            | -                        | -                      | 637,102                  | \$ 328,757             |
| Sewer                            | -                        | -                      | 324,815                  | 10,998                 |
| Electric                         | -                        | -                      | 1,564,565                | 483,098                |
| Garbage                          | -                        | -                      | 142,706                  | (4,767)                |
| Utilities Deposit                | -                        | -                      | 3,760                    | 805                    |
| <b>Total Disbursements</b>       | <b>\$ 1,992,203</b>      | <b>\$ (1,774,578)</b>  | <b>\$ 2,672,948</b>      | <b>\$ 818,891</b>      |

For 2011 and 2010, only 8.6 and 11.0 percent of general government activities were supported through program receipts, respectively. For all governmental activities, general receipt and prior year cash balance support is all disbursements as shown in the above table. The community, as a whole, is by far the primary support for the Village of Genoa.

**VILLAGE OF GENOA**  
**Ottawa County, Ohio**  
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**(unaudited)**

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**Business-Type Activities**

The dependence upon program receipts is apparent as 100 percent of business-type activities are supported through these receipts for 2011 and 2010. 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 2011 and page 21 for 2010. These funds are accounted for using the cash basis of accounting.

In 2011, all governmental funds had total receipts of \$2,682,493 and expenditures of \$2,641,901. The net change in fund balance for the year was most significant in the Other Governmental Funds, where the fund's net assets increased by \$78,692 for 2011.

In 2010, all governmental funds had total receipts of \$2,641,121 and expenditures of \$2,789,924. The net change in fund balance for the year was most significant in the General Fund, where the fund's net assets decreased by \$101,744 for 2010.

***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 2011 and 2010 the Village did not amend its General Fund very much. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In 2011, for the General Fund, budget basis receipts were \$189,650 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$732,256, \$441,179 over receipts.

In 2010, for the General Fund, budget basis receipts were \$213,300 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$755,421, \$481,221 over 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, 2011, the Village had \$923,762 in OPWC and OWDA loans. In addition, the Village had \$5,519,253 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.

**VILLAGE OF GENOA**  
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**(unaudited)**

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, 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. 6<sup>th</sup> Street, Genoa, Ohio 43430.

**Village of Genoa, Ohio**  
*Ottawa County*  
**Statement of Net Assets - Cash Basis**  
*December 31, 2011*

|   | <u>Governmental<br/>Activities</u> | <u>Business - Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|---------------------------------------|---------------------|
| <b>Assets</b>                                 |                                    |                                       |                     |
| Equity in Pooled Cash and<br>Cash Equivalents | \$ 1,195,842                       | \$ 2,554,560                          | \$ 3,750,402        |
| <i>Total Assets</i>                           | <u>\$ 1,195,842</u>                | <u>\$ 2,554,560</u>                   | <u>\$ 3,750,402</u> |
| <b>Net Assets</b>                             |                                    |                                       |                     |
| Restricted for:                               |                                    |                                       |                     |
| Capital Projects                              | \$ 201,521                         | \$ -                                  | \$ 201,521          |
| Other Purposes                                | 54,429                             | -                                     | 54,429              |
| Unrestricted                                  | <u>939,892</u>                     | <u>2,554,560</u>                      | <u>3,494,452</u>    |
| <i>Total Net Assets</i>                       | <u>\$ 1,195,842</u>                | <u>\$ 2,554,560</u>                   | <u>\$ 3,750,402</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, 2011

|  | Program Cash Receipts |                                      |  |                                     | Net (Disbursements) Receipts<br>and Changes in Net Assets |                             |                       |
|--|-----------------------|--------------------------------------|--|-------------------------------------|---|-----------------------------|-----------------------|
|  | Cash<br>Disbursements | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions | Capital Grants<br>and Contributions | Governmental<br>Activities                                | Business-Type<br>Activities | Total                 |
| <b>Governmental Activities</b>                                 |                       |                                      |  |                                     |   |                             |                       |
| Current:   |                       |                                      |  |                                     |   |                             |                       |
| Security of Persons and Property                               | \$ 337,348            | \$ 659                               | \$ -                                     | \$ -                                | \$ (336,689)  | \$ -                        | \$ (336,689)          |
| Public Health Services   | 6,335                 | -                                    | -  | -                                   | (6,335)   | -                           | (6,335)               |
| Leisure Time Activities  | 79,044                | 19,064                               | 9,395                                    | -                                   | (50,585)  | -                           | (50,585)              |
| Community Environment  | 20,967                | -                                    | -  | -                                   | (20,967)  | -                           | (20,967)              |
| Transportation   | 113,061               | -                                    | 105,608                                  | -                                   | (7,453)   | -                           | (7,453)               |
| General Government   | 428,854               | 1,038                                | -  | -                                   | (427,816)   | -                           | (427,816)             |
| Other  | 1,000                 | -                                    | -  | -                                   | (1,000)   | -                           | (1,000)               |
| Capital Outlay   | 259,918               | -                                    | -  | 19,804                              | (240,114)   | -                           | (240,114)             |
| Debt Service:  |                       |                                      |  |                                     |   |                             |                       |
| Principal Retirement   | 281,180               | -                                    | -  | -                                   | (281,180)   | -                           | (281,180)             |
| Interest and Fiscal Charges                                    | 286,808               | -                                    | -  | -                                   | (286,808)   | -                           | (286,808)             |
| <i>Total Governmental Activities</i>                           | <u>1,814,515</u>      | <u>20,761</u>                        | <u>115,003</u>                           | <u>19,804</u>                       | <u>(1,658,947)</u>  | <u>-</u>                    | <u>(1,658,947)</u>    |
| <b>Business-Type Activities</b>                                |                       |                                      |  |                                     |   |                             |                       |
| Water  | 654,158               | 885,895                              | -  | -                                   | -   | 231,737                     | 231,737               |
| Sewer  | 345,915               | 347,536                              | -  | -                                   | -   | 1,621                       | 1,621                 |
| Electric   | 1,614,763             | 2,054,398                            | -  | -                                   | -   | 439,635                     | 439,635               |
| Garbage  | 151,677               | 136,571                              | -  | -                                   | -   | (15,106)                    | (15,106)              |
| Utilities Deposit  | 10,779                | -                                    | -  | -                                   | -   | (10,779)                    | (10,779)              |
| <i>Total Business-Type Activities</i>                          | <u>2,777,292</u>      | <u>3,424,400</u>                     | <u>-</u>                                 | <u>-</u>                            | <u>-</u>  | <u>647,108</u>              | <u>647,108</u>        |
| <i>Total Primary Government</i>                                | <u>\$ 4,591,807</u>   | <u>\$ 3,445,161</u>                  | <u>\$ 115,003</u>                        | <u>\$ 19,804</u>                    | <u>\$ (1,658,947)</u>                                     | <u>\$ 647,108</u>           | <u>\$ (1,011,839)</u> |
| General Receipts:  |                       |                                      |  |                                     |   |                             |                       |
| Property Taxes Levied for:                                     |                       |                                      |  |                                     |   |                             |                       |
| General Purposes   |                       |                                      |  |                                     | 80,246  | -                           | 80,246                |
| Capital Projects   |                       |                                      |  |                                     | 69,512  | -                           | 69,512                |
| Other Local Taxes  |                       |                                      |  |                                     | 71,326  | -                           | 71,326                |
| Income Taxes   |                       |                                      |  |                                     | 805,312   | -                           | 805,312               |
| Grants and Entitlements not Restricted<br>to Specific Programs |                       |                                      |  |                                     | 103,582   | -                           | 103,582               |
| Cable Franchise Fees   |                       |                                      |  |                                     | 21,359  | -                           | 21,359                |
| Earnings on Investments  |                       |                                      |  |                                     | 16,672  | 295                         | 16,967                |
| Miscellaneous  |                       |                                      |  |                                     | 12,355  | 26,262                      | 38,617                |
| Transfers  |                       |                                      |  |                                     | 519,175   | (519,175)                   | -                     |
| <i>Total General Receipts and Transfers</i>                    |                       |                                      |  |                                     | <u>1,699,539</u>  | <u>(492,618)</u>            | <u>1,206,921</u>      |
| Change in Net Assets   |                       |                                      |  |                                     | 40,592  | 154,490                     | 195,082               |
| <i>Net Assets Beginning of Year</i>                            |                       |                                      |  |                                     | <u>1,155,250</u>  | <u>2,400,070</u>            | <u>3,555,320</u>      |
| <i>Net Assets End of Year</i>                                  |                       |                                      |  |                                     | <u>\$ 1,195,842</u>                                       | <u>\$ 2,554,560</u>         | <u>\$ 3,750,402</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, 2011

|                            | General           | Income Tax<br>Fund | Generator/<br>Substation<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|-------------------|--------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>              |                   |                    |                                  |                                |                                |
| Cash and Cash Equivalents  | \$ 666,927        | \$ 53,075          | \$ 250                           | \$ 475,590                     | \$ 1,195,842                   |
| <i>Total Assets</i>        | <u>\$ 666,927</u> | <u>\$ 53,075</u>   | <u>\$ 250</u>                    | <u>\$ 475,590</u>              | <u>\$ 1,195,842</u>            |
| <b>Fund Balances</b>       |                   |                    |                                  |                                |                                |
| Restricted                 | \$ -              | \$ 53,075          | \$ -                             | \$ 202,875                     | \$ 255,950                     |
| Committed                  | -                 | -                  | -                                | 260,596                        | 260,596                        |
| Assigned                   | 9,986             | -                  | 250                              | 12,119                         | 22,355                         |
| Unassigned                 | 656,941           | -                  | -                                | -                              | 656,941                        |
| <i>Total Fund Balances</i> | <u>\$ 666,927</u> | <u>\$ 53,075</u>   | <u>\$ 250</u>                    | <u>\$ 475,590</u>              | <u>\$ 1,195,842</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, 2011**

|  | General           | Income Tax<br>Fund | Generator/<br>Substation<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|----------------------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                   |                    |                                  |                                |                                |
| Municipal Income Taxes                               | \$ -              | \$ 805,312         | \$ -                             | \$ -                           | \$ 805,312                     |
| Property Taxes                                       | 80,246            | -                  | -                                | 69,512                         | 149,758                        |
| Other Local Taxes                                    | 65,825            | -                  | -                                | 5,501                          | 71,326                         |
| Intergovernmental                                    | 103,582           | -                  | -                                | 134,807                        | 238,389                        |
| Charges for Services                                 | -                 | -                  | -                                | 1,100                          | 1,100                          |
| Fines, Licenses and Permits                          | 23,056            | -                  | -                                | 17,964                         | 41,020                         |
| Earnings on Investments                              | 15,968            | -                  | -                                | 704                            | 16,672                         |
| Miscellaneous  | 2,400             | -                  | -                                | 270                            | 2,670                          |
| <b>Total Receipts</b>                                | <b>291,077</b>    | <b>805,312</b>     | <b>-</b>                         | <b>229,858</b>                 | <b>1,326,247</b>               |
| <b>Disbursements</b>                                 |                   |                    |                                  |                                |                                |
| Current:   |                   |                    |                                  |                                |                                |
| Security of Persons and Property                     | 337,348           | -                  | -                                | -                              | 337,348                        |
| Public Health Services                               | 6,335             | -                  | -                                | -                              | 6,335                          |
| Leisure Time Activities                              | -                 | -                  | -                                | 79,044                         | 79,044                         |
| Community Environment                                | 20,967            | -                  | -                                | -                              | 20,967                         |
| Transportation                                       | -                 | -                  | -                                | 113,061                        | 113,061                        |
| General Government                                   | 308,659           | 80,925             | -                                | 39,270                         | 428,854                        |
| Capital Outlay                                       | 48,961            | -                  | -                                | 210,957                        | 259,918                        |
| Debt Service:  |                   |                    |                                  |                                |                                |
| Principal Retirement                                 | -                 | -                  | 173,333                          | 107,847                        | 281,180                        |
| Interest and Fiscal Charges                          | -                 | -                  | 237,677                          | 49,131                         | 286,808                        |
| <b>Total Disbursements</b>                           | <b>722,270</b>    | <b>80,925</b>      | <b>411,010</b>                   | <b>599,310</b>                 | <b>1,813,515</b>               |
| <b>Excess of Receipts Over (Under) Disbursements</b> | <b>(431,193)</b>  | <b>724,387</b>     | <b>(411,010)</b>                 | <b>(369,452)</b>               | <b>(487,268)</b>               |
| <b>Other Financing Sources (Uses)</b>                |                   |                    |                                  |                                |                                |
| Transfers In   | 475,428           | -                  | 411,000                          | 460,133                        | 1,346,561                      |
| Transfers Out  | (80,825)          | (730,261)          | -                                | (16,300)                       | (827,386)                      |
| Other Financing Sources                              | 4,782             | 592                | -                                | 4,311                          | 9,685                          |
| Other Financing Uses                                 | (1,000)           | -                  | -                                | -                              | (1,000)                        |
| <b>Total Other Financing Sources (Uses)</b>          | <b>398,385</b>    | <b>(729,669)</b>   | <b>411,000</b>                   | <b>448,144</b>                 | <b>527,860</b>                 |
| <b>Net Change in Fund Balances</b>                   | <b>(32,808)</b>   | <b>(5,282)</b>     | <b>(10)</b>                      | <b>78,692</b>                  | <b>40,592</b>                  |
| <b>Fund Balances Beginning of Year</b>               | <b>699,735</b>    | <b>58,357</b>      | <b>260</b>                       | <b>396,898</b>                 | <b>1,155,250</b>               |
| <b>Fund Balances End of Year</b>                     | <b>\$ 666,927</b> | <b>\$ 53,075</b>   | <b>\$ 250</b>                    | <b>\$ 475,590</b>              | <b>\$ 1,195,842</b>            |

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, 2011*

|  | <u>Budgeted Amounts</u> |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Receipts</b>                                      |                         |                   |                   |   |
| Property Taxes                                       | \$ 75,500               | \$ 75,500         | \$ 80,246         | \$ 4,746  |
| Other Local Taxes                                    | 65,825                  | 65,825            | 65,825            | -   |
| Intergovernmental                                    | 73,550                  | 73,550            | 103,582           | 30,032  |
| Fines, Licenses and Permits                          | 13,600                  | 13,600            | 23,056            | 9,456   |
| Earnings on Investments                              | 25,000                  | 25,000            | 15,968            | (9,032)   |
| Miscellaneous  | 2,000                   | 2,000             | 2,400             | 400   |
| <i>Total Receipts</i>                                | <u>255,475</u>          | <u>255,475</u>    | <u>291,077</u>    | <u>35,602</u>   |
| <b>Disbursements</b>                                 |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Security of Persons and Property                     | 421,256                 | 421,256           | 340,355           | 80,901  |
| Public Health Services                               | 7,000                   | 7,000             | 6,335             | 665   |
| Community Environment                                | 26,800                  | 26,800            | 20,967            | 5,833   |
| General Government                                   | 506,712                 | 506,712           | 308,868           | 197,844   |
| Capital Outlay                                       | 90,559                  | 90,559            | 55,731            | 34,828  |
| <i>Total Disbursements</i>                           | <u>1,052,327</u>        | <u>1,052,327</u>  | <u>732,256</u>    | <u>320,071</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (796,852)               | (796,852)         | (441,179)         | 355,673   |
| <b>Other Financing Sources (Uses)</b>                |                         |                   |                   |   |
| Transfers In   | 472,175                 | 472,175           | 475,428           | 3,253   |
| Transfers Out  | (148,000)               | (148,000)         | (80,825)          | 67,175  |
| Other Financing Sources                              | 5,500                   | 5,500             | 4,782             | (718)   |
| Other Financing Uses                                 | (3,000)                 | (3,000)           | (1,000)           | 2,000   |
| <i>Total Other Financing Sources (Uses)</i>          | <u>326,675</u>          | <u>326,675</u>    | <u>398,385</u>    | <u>71,710</u>   |
| <i>Net Change in Fund Balance</i>                    | (470,177)               | (470,177)         | (42,794)          | 427,383   |
| <i>Unencumbered Fund Balance Beginning of Year</i>   | 695,853                 | 695,853           | 695,853           | -   |
| Prior Year Encumbrances Appropriated                 | 3,882                   | 3,882             | 3,882             | -   |
| <i>Unencumbered Fund Balance End of Year</i>         | <u>\$ 229,558</u>       | <u>\$ 229,558</u> | <u>\$ 656,941</u> | <u>\$ 427,383</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*  
**Income Tax Fund**  
*For the Year Ended December 31, 2011*

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Receipts</b>                                      |                         |                  |                  |   |
| Municipal Income Taxes                               | \$ 760,500              | \$ 885,000       | \$ 805,312       | \$ (79,688)   |
| <i>Total Receipts</i>                                | <u>760,500</u>          | <u>885,000</u>   | <u>805,312</u>   | <u>(79,688)</u>   |
| <b>Disbursements</b>                                 |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| General Government                                   | 107,799                 | 97,799           | 80,925           | 16,874  |
| <i>Total Disbursements</i>                           | <u>107,799</u>          | <u>97,799</u>    | <u>80,925</u>    | <u>16,874</u>   |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 652,701                 | 787,201          | 724,387          | (62,814)  |
| <b>Other Financing Sources (Uses)</b>                |                         |                  |                  |   |
| Transfers Out  | (677,100)               | (812,100)        | (730,261)        | 81,839  |
| Other Financing Sources                              | -                       | -                | 592              | 592   |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(677,100)</u>        | <u>(812,100)</u> | <u>(729,669)</u> | <u>82,431</u>   |
| <i>Net Change in Fund Balance</i>                    | (24,399)                | (24,899)         | (5,282)          | 19,617  |
| <i>Unencumbered Fund Balance Beginning of Year</i>   | <u>58,357</u>           | <u>58,357</u>    | <u>58,357</u>    | <u>-</u>  |
| <i>Unencumbered Fund Balance End of Year</i>         | <u>\$ 33,958</u>        | <u>\$ 33,458</u> | <u>\$ 53,075</u> | <u>\$ 19,617</u>  |

See accompanying notes to the basic financial statements

**Village of Genoa, Ohio**  
 Ottawa County  
 Statement of Fund Net Assets - Cash Basis  
 Proprietary Funds  
 December 31, 2011

|   | Business-Type Activities |                  |                     |                           | Total<br>Enterprise Funds |
|---|--------------------------|------------------|---------------------|---------------------------|---------------------------|
|   | Water                    | Sewer            | Electric            | Other<br>Enterprise Funds |                           |
| <b>Assets</b>                                 |                          |                  |                     |                           |                           |
| Equity in Pooled Cash and<br>Cash Equivalents | \$ 929,660               | \$ 58,047        | \$ 1,469,392        | \$ 97,461                 | \$ 2,554,560              |
| <i>Total Assets</i>                           | <u>\$ 929,660</u>        | <u>\$ 58,047</u> | <u>\$ 1,469,392</u> | <u>\$ 97,461</u>          | <u>\$ 2,554,560</u>       |
| <b>Net Assets</b>                             |                          |                  |                     |                           |                           |
| Unrestricted                                  | \$ 929,660               | \$ 58,047        | \$ 1,469,392        | \$ 97,461                 | \$ 2,554,560              |
| <i>Total Net Assets</i>                       | <u>\$ 929,660</u>        | <u>\$ 58,047</u> | <u>\$ 1,469,392</u> | <u>\$ 97,461</u>          | <u>\$ 2,554,560</u>       |

See accompanying notes to the basic financial statements

**Village of Genoa, Ohio**  
Ottawa County  
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2011

|   | Business-Type Activities |                  |                     |                           | Total<br>Enterprise Funds |
|---|--------------------------|------------------|---------------------|---------------------------|---------------------------|
|   | Water                    | Sewer            | Electric            | Other<br>Enterprise Funds |                           |
| <b>Operating Receipts</b>                           |                          |                  |                     |                           |                           |
| Charges for Services                                | \$ 885,895               | \$ 346,346       | \$ 2,054,398        | \$ 136,571                | \$ 3,423,210              |
| <i>Total Operating Receipts</i>                     | <u>885,895</u>           | <u>346,346</u>   | <u>2,054,398</u>    | <u>136,571</u>            | <u>3,423,210</u>          |
| <b>Operating Disbursements</b>                      |                          |                  |                     |                           |                           |
| Personal Services                                   | 88,400                   | 120,992          | 154,050             | 7,000                     | 370,442                   |
| Employee Fringe Benefits                            | 58,014                   | 65,672           | 82,947              | 2,775                     | 209,408                   |
| Contractual Services                                | 28,351                   | 27,040           | 1,271,840           | 140,503                   | 1,467,734                 |
| Supplies and Materials                              | 386,823                  | 92,902           | 72,895              | 1,399                     | 554,019                   |
| Other   | -                        | -                | 675                 | 10,779                    | 11,454                    |
| <i>Total Operating Disbursements</i>                | <u>561,588</u>           | <u>306,606</u>   | <u>1,582,407</u>    | <u>162,456</u>            | <u>2,613,057</u>          |
| <i>Operating Income (Loss)</i>                      | <u>324,307</u>           | <u>39,740</u>    | <u>471,991</u>      | <u>(25,885)</u>           | <u>810,153</u>            |
| <b>Non-Operating Receipts (Disbursements)</b>       |                          |                  |                     |                           |                           |
| Special Assessments                                 | -                        | 1,190            | -                   | -                         | 1,190                     |
| Earnings on Investments                             | -                        | -                | 295                 | -                         | 295                       |
| Capital Outlay                                      | (9,230)                  | (1,719)          | (32,356)            | -                         | (43,305)                  |
| Principal Retirement                                | (60,000)                 | (28,232)         | -                   | -                         | (88,232)                  |
| Interest and Other Fiscal Charges                   | (23,340)                 | (9,358)          | -                   | -                         | (32,698)                  |
| Other Financing Sources                             | 2,813                    | 3,603            | 16,846              | 3,000                     | 26,262                    |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(89,757)</u>          | <u>(34,516)</u>  | <u>(15,215)</u>     | <u>3,000</u>              | <u>(136,488)</u>          |
| <i>Income (Loss) before Transfers</i>               | 234,550                  | 5,224            | 456,776             | (22,885)                  | 673,665                   |
| Transfers In  | -                        | -                | 65,825              | -                         | 65,825                    |
| Transfers Out                                       | (139,000)                | (10,000)         | (436,000)           | -                         | (585,000)                 |
| <i>Change in Net Assets</i>                         | 95,550                   | (4,776)          | 86,601              | (22,885)                  | 154,490                   |
| <i>Net Assets Beginning of Year</i>                 | <u>834,110</u>           | <u>62,823</u>    | <u>1,382,791</u>    | <u>120,346</u>            | <u>2,400,070</u>          |
| <i>Net Assets End 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>       |

See accompanying notes to the basic financial statements

**Village of Genoa, Ohio**  
*Ottawa County*  
**Statement of Net Assets - Cash Basis**  
*December 31, 2010*

|   | <u>Governmental<br/>Activities</u> | <u>Business - Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|---------------------------------------|---------------------|
| <b>Assets</b>                                 |                                    |                                       |                     |
| Equity in Pooled Cash and<br>Cash Equivalents | \$ 1,155,250                       | \$ 2,400,070                          | \$ 3,555,320        |
| <i>Total Assets</i>                           | <u>\$ 1,155,250</u>                | <u>\$ 2,400,070</u>                   | <u>\$ 3,555,320</u> |
| <b>Net Assets</b>                             |                                    |                                       |                     |
| Restricted for:                               |                                    |                                       |                     |
| Capital Projects                              | \$ 204,030                         | \$ -                                  | \$ 204,030          |
| Other Purposes                                | 59,440                             | -                                     | 59,440              |
| Unrestricted                                  | <u>891,780</u>                     | <u>2,400,070</u>                      | <u>3,291,850</u>    |
| <i>Total Net Assets</i>                       | <u>\$ 1,155,250</u>                | <u>\$ 2,400,070</u>                   | <u>\$ 3,555,320</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, 2010

|  | Program Cash Receipts |                                      |  |                                     | Net (Disbursements) Receipts<br>and Changes in Net Assets |                             | Total               |
|--|-----------------------|--------------------------------------|--|-------------------------------------|---|-----------------------------|---------------------|
|  | Cash<br>Disbursements | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions | Capital Grants<br>and Contributions | Governmental<br>Activities                                | Business-Type<br>Activities |                     |
| <b>Governmental Activities</b>                                 |                       |                                      |  |                                     |   |                             |                     |
| Current:   |                       |                                      |  |                                     |   |                             |                     |
| Security of Persons and Property                               | \$ 375,341            | \$ 1,334                             | \$ -                                     | \$ -                                | \$ (374,007)  | \$ -                        | \$ (374,007)        |
| Public Health Services   | 6,416                 | -                                    | -  | -                                   | (6,416)   | -                           | (6,416)             |
| Leisure Time Activities  | 75,063                | 19,140                               | 9,508                                    | -                                   | (46,415)  | -                           | (46,415)            |
| Community Environment  | 14,972                | -                                    | -  | -                                   | (14,972)  | -                           | (14,972)            |
| Transportation   | 98,297                | -                                    | 111,203                                  | -                                   | 12,906  | -                           | 12,906              |
| General Government   | 445,544               | 1,050                                | 900                                      | -                                   | (443,594)   | -                           | (443,594)           |
| Other  | 5,661                 | -                                    | -  | -                                   | (5,661)   | -                           | (5,661)             |
| Capital Outlay   | 428,522               | -                                    | -  | 74,490                              | (354,032)   | -                           | (354,032)           |
| Debt Service:  |                       |                                      |  |                                     |   |                             |                     |
| Principal Retirement   | 257,897               | -                                    | -  | -                                   | (257,897)   | -                           | (257,897)           |
| Interest and Fiscal Charges                                    | 284,490               | -                                    | -  | -                                   | (284,490)   | -                           | (284,490)           |
| <i>Total Governmental Activities</i>                           | <u>1,992,203</u>      | <u>21,524</u>                        | <u>121,611</u>                           | <u>74,490</u>                       | <u>(1,774,578)</u>  | <u>-</u>                    | <u>(1,774,578)</u>  |
| <b>Business-Type Activities</b>                                |                       |                                      |  |                                     |   |                             |                     |
| Water  | 637,102               | 965,859                              | -  | -                                   | -   | 328,757                     | 328,757             |
| Sewer  | 324,815               | 335,813                              | -  | -                                   | -   | 10,998                      | 10,998              |
| Electric   | 1,564,565             | 2,047,663                            | -  | -                                   | -   | 483,098                     | 483,098             |
| Garbage  | 142,706               | 137,939                              | -  | -                                   | -   | (4,767)                     | (4,767)             |
| Utilities Deposit  | 3,760                 | 4,565                                | -  | -                                   | -   | 805                         | 805                 |
| <i>Total Business-Type Activities</i>                          | <u>2,672,948</u>      | <u>3,491,839</u>                     | <u>-</u>                                 | <u>-</u>                            | <u>-</u>  | <u>818,891</u>              | <u>818,891</u>      |
| <i>Total Primary Government</i>                                | <u>\$ 4,665,151</u>   | <u>\$ 3,513,363</u>                  | <u>\$ 121,611</u>                        | <u>\$ 74,490</u>                    | <u>\$ (1,774,578)</u>                                     | <u>\$ 818,891</u>           | <u>\$ (955,687)</u> |
| General Receipts:  |                       |                                      |  |                                     |   |                             |                     |
| Property Taxes Levied for:                                     |                       |                                      |  |                                     |   |                             |                     |
| General Purposes   |                       |                                      |  |                                     | 80,011  | -                           | 80,011              |
| Capital Projects   |                       |                                      |  |                                     | 74,143  | -                           | 74,143              |
| Other Local Taxes  |                       |                                      |  |                                     | 78,305  | -                           | 78,305              |
| Income Taxes   |                       |                                      |  |                                     | 752,614   | -                           | 752,614             |
| Grants and Entitlements not Restricted<br>to Specific Programs |                       |                                      |  |                                     | 84,730  | -                           | 84,730              |
| Sale of Notes  |                       |                                      |  |                                     | 24,332  | -                           | 24,332              |
| Sale of Capital Assets   |                       |                                      |  |                                     | 2,529   | -                           | 2,529               |
| Cable Franchise Fees   |                       |                                      |  |                                     | 10,763  | -                           | 10,763              |
| Earnings on Investments  |                       |                                      |  |                                     | 23,146  | 1,676                       | 24,822              |
| Miscellaneous  |                       |                                      |  |                                     | 8,755   | 12,422                      | 21,177              |
| Transfers  |                       |                                      |  |                                     | 486,447   | (486,447)                   | -                   |
| <i>Total General Receipts and Transfers</i>                    |                       |                                      |  |                                     | <u>1,625,775</u>  | <u>(472,349)</u>            | <u>1,153,426</u>    |
| Change in Net Assets   |                       |                                      |  |                                     | (148,803)   | 346,542                     | 197,739             |
| <i>Net Assets Beginning of Year</i>                            |                       |                                      |  |                                     | <u>1,304,053</u>  | <u>2,053,528</u>            | <u>3,357,581</u>    |
| <i>Net Assets End of Year</i>                                  |                       |                                      |  |                                     | <u>\$ 1,155,250</u>                                       | <u>\$ 2,400,070</u>         | <u>\$ 3,555,320</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, 2010*

|                            | General           | Income Tax<br>Fund | Generator/<br>Substation<br>Fund | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|-------------------|--------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>              |                   |                    |                                  |                                |                                |                                |
| Cash and Cash Equivalents  | \$ 699,735        | \$ 58,357          | \$ 260                           | \$ 114,914                     | \$ 281,984                     | \$ 1,155,250                   |
| <i>Total Assets</i>        | <u>\$ 699,735</u> | <u>\$ 58,357</u>   | <u>\$ 260</u>                    | <u>\$ 114,914</u>              | <u>\$ 281,984</u>              | <u>\$ 1,155,250</u>            |
| <b>Fund Balances</b>       |                   |                    |                                  |                                |                                |                                |
| Restricted                 | \$ -              | \$ 58,357          | \$ -                             | \$ -                           | \$ 205,113                     | \$ 263,470                     |
| Committed                  | -                 | -                  | -                                | 114,914                        | 28,018                         | 142,932                        |
| Assigned                   | 3,882             | -                  | 260                              | -                              | 48,853                         | 52,995                         |
| Unassigned                 | 695,853           | -                  | -                                | -                              | -                              | 695,853                        |
| <i>Total Fund Balances</i> | <u>\$ 699,735</u> | <u>\$ 58,357</u>   | <u>\$ 260</u>                    | <u>\$ 114,914</u>              | <u>\$ 281,984</u>              | <u>\$ 1,155,250</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, 2010

|  | General           | Income Tax<br>Fund | Generator/<br>Substation<br>Fund | Capital<br>Improvement<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------|----------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                   |                    |                                  |                                |                                |                                |
| Municipal Income Taxes                               | \$ -              | \$ 752,614         | \$ -                             | \$ -                           | \$ -                           | \$ 752,614                     |
| Property Taxes                                       | 80,011            | -                  | -                                | -                              | 74,143                         | 154,154                        |
| Other Local Taxes                                    | 72,353            | -                  | -                                | -                              | 5,952                          | 78,305                         |
| Intergovernmental                                    | 84,730            | -                  | -                                | -                              | 196,101                        | 280,831                        |
| Charges for Services                                 | -                 | -                  | -                                | -                              | 1,300                          | 1,300                          |
| Fines, Licenses and Permits                          | 13,128            | -                  | -                                | -                              | 17,860                         | 30,988                         |
| Earnings on Investments                              | 22,043            | -                  | -                                | -                              | 1,103                          | 23,146                         |
| Miscellaneous  | 1,935             | 399                | -                                | -                              | 495                            | 2,829                          |
| <b>Total Receipts</b>                                | <b>274,200</b>    | <b>753,013</b>     | <b>-</b>                         | <b>-</b>                       | <b>296,954</b>                 | <b>1,324,167</b>               |
| <b>Disbursements</b>                                 |                   |                    |                                  |                                |                                |                                |
| Current:   |                   |                    |                                  |                                |                                |                                |
| Security of Persons and Property                     | 375,341           | -                  | -                                | -                              | -                              | 375,341                        |
| Public Health Services                               | 6,416             | -                  | -                                | -                              | -                              | 6,416                          |
| Leisure Time Activities                              | -                 | -                  | -                                | -                              | 75,063                         | 75,063                         |
| Community Environment                                | 14,972            | -                  | -                                | -                              | -                              | 14,972                         |
| Transportation                                       | -                 | -                  | -                                | -                              | 98,297                         | 98,297                         |
| General Government                                   | 328,218           | 75,496             | -                                | -                              | 41,830                         | 445,544                        |
| Capital Outlay                                       | 26,592            | -                  | -                                | 274,513                        | 127,417                        | 428,522                        |
| Debt Service:  |                   |                    |                                  |                                |                                |                                |
| Principal Retirement                                 | -                 | -                  | 165,000                          | -                              | 92,897                         | 257,897                        |
| Interest and Fiscal Charges                          | -                 | -                  | 231,606                          | -                              | 52,884                         | 284,490                        |
| <b>Total Disbursements</b>                           | <b>751,539</b>    | <b>75,496</b>      | <b>396,606</b>                   | <b>274,513</b>                 | <b>488,388</b>                 | <b>1,986,542</b>               |
| <b>Excess of Receipts Over (Under) Disbursements</b> | <b>(477,339)</b>  | <b>677,517</b>     | <b>(396,606)</b>                 | <b>(274,513)</b>               | <b>(191,434)</b>               | <b>(662,375)</b>               |
| <b>Other Financing Sources (Uses)</b>                |                   |                    |                                  |                                |                                |                                |
| Sale of Notes  | -                 | -                  | -                                | -                              | 24,332                         | 24,332                         |
| Sale of Capital Assets                               | 2,529             | -                  | -                                | -                              | -                              | 2,529                          |
| Transfers In   | 446,526           | -                  | 390,500                          | 239,342                        | 207,800                        | 1,284,168                      |
| Transfers Out  | (72,353)          | (685,868)          | -                                | (38,000)                       | (1,500)                        | (797,721)                      |
| Other Financing Sources                              | 4,554             | -                  | -                                | -                              | 1,371                          | 5,925                          |
| Other Financing Uses                                 | (5,661)           | -                  | -                                | -                              | -                              | (5,661)                        |
| <b>Total Other Financing Sources (Uses)</b>          | <b>375,595</b>    | <b>(685,868)</b>   | <b>390,500</b>                   | <b>201,342</b>                 | <b>232,003</b>                 | <b>513,572</b>                 |
| <b>Net Change in Fund Balances</b>                   | <b>(101,744)</b>  | <b>(8,351)</b>     | <b>(6,106)</b>                   | <b>(73,171)</b>                | <b>40,569</b>                  | <b>(148,803)</b>               |
| <b>Fund Balances Beginning of Year</b>               | <b>801,479</b>    | <b>66,708</b>      | <b>6,366</b>                     | <b>188,085</b>                 | <b>241,415</b>                 | <b>1,304,053</b>               |
| <b>Fund Balances End of Year</b>                     | <b>\$ 699,735</b> | <b>\$ 58,357</b>   | <b>\$ 260</b>                    | <b>\$ 114,914</b>              | <b>\$ 281,984</b>              | <b>\$ 1,155,250</b>            |

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, 2010*

|  | <u>Budgeted Amounts</u> |                   | <u>Actual</u>     | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>      |                   |   |
| <b>Receipts</b>                                      |                         |                   |                   |   |
| Property Taxes                                       | \$ 77,500               | \$ 77,500         | \$ 80,011         | \$ 2,511  |
| Other Local Taxes                                    | 72,353                  | 72,353            | 72,353            | -   |
| Intergovernmental                                    | 68,050                  | 68,050            | 84,730            | 16,680  |
| Fines, Licenses and Permits                          | 15,350                  | 15,350            | 13,128            | (2,222)   |
| Earnings on Investments                              | 50,000                  | 50,000            | 22,043            | (27,957)  |
| Miscellaneous  | 2,400                   | 2,400             | 1,935             | (465)   |
| <i>Total Receipts</i>                                | <u>285,653</u>          | <u>285,653</u>    | <u>274,200</u>    | <u>(11,453)</u>   |
| <b>Disbursements</b>                                 |                         |                   |                   |   |
| Current:   |                         |                   |                   |   |
| Security of Persons and Property                     | 395,383                 | 425,383           | 376,964           | 48,419  |
| Public Health Services                               | 7,000                   | 7,000             | 6,416             | 584   |
| Community Environment                                | 41,900                  | 41,900            | 14,972            | 26,928  |
| General Government                                   | 501,413                 | 501,413           | 328,618           | 172,795   |
| Capital Outlay                                       | 74,450                  | 74,450            | 28,451            | 45,999  |
| <i>Total Disbursements</i>                           | <u>1,020,146</u>        | <u>1,050,146</u>  | <u>755,421</u>    | <u>294,725</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (734,493)               | (764,493)         | (481,221)         | 283,272   |
| <b>Other Financing Sources (Uses)</b>                |                         |                   |                   |   |
| Sale of Capital Assets                               | -                       | -                 | 2,529             | 2,529   |
| Transfers In   | 465,647                 | 465,647           | 446,526           | (19,121)  |
| Transfers Out  | (233,000)               | (233,000)         | (72,353)          | 160,647   |
| Other Financing Sources                              | 6,000                   | 6,000             | 4,554             | (1,446)   |
| Other Financing Uses                                 | (8,000)                 | (8,000)           | (5,661)           | 2,339   |
| <i>Total Other Financing Sources (Uses)</i>          | <u>230,647</u>          | <u>230,647</u>    | <u>375,595</u>    | <u>144,948</u>  |
| <i>Net Change in Fund Balance</i>                    | (503,846)               | (533,846)         | (105,626)         | 428,220   |
| <i>Unencumbered Fund Balance Beginning of Year</i>   | <u>801,479</u>          | <u>801,479</u>    | <u>801,479</u>    | <u>-</u>  |
| <i>Unencumbered Fund Balance End of Year</i>         | <u>\$ 297,633</u>       | <u>\$ 267,633</u> | <u>\$ 695,853</u> | <u>\$ 428,220</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*  
**Income Tax Fund**  
*For the Year Ended December 31, 2010*

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Receipts</b>                                      |                         |                  |                  |   |
| Municipal Income Taxes                               | \$ 745,350              | \$ 745,350       | \$ 752,614       | \$ 7,264  |
| Miscellaneous  | -                       | -                | 399              | 399   |
| <i>Total Receipts</i>                                | <u>745,350</u>          | <u>745,350</u>   | <u>753,013</u>   | <u>7,663</u>  |
| <b>Disbursements</b>                                 |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| General Government                                   | 83,000                  | 83,000           | 75,496           | 7,504   |
| <i>Total Disbursements</i>                           | <u>83,000</u>           | <u>83,000</u>    | <u>75,496</u>    | <u>7,504</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 662,350                 | 662,350          | 677,517          | 15,167  |
| <b>Other Financing Sources (Uses)</b>                |                         |                  |                  |   |
| Transfers Out  | (677,100)               | (719,100)        | (685,868)        | 33,232  |
| <i>Total Other Financing Sources (Uses)</i>          | <u>(677,100)</u>        | <u>(719,100)</u> | <u>(685,868)</u> | <u>33,232</u>   |
| <i>Net Change in Fund Balance</i>                    | (14,750)                | (56,750)         | (8,351)          | 48,399  |
| <i>Unencumbered Fund Balance Beginning of Year</i>   | 66,708                  | 66,708           | 66,708           | -   |
| <i>Unencumbered Fund Balance End of Year</i>         | <u>\$ 51,958</u>        | <u>\$ 9,958</u>  | <u>\$ 58,357</u> | <u>\$ 48,399</u>  |

See accompanying notes to the basic financial statements

**Village of Genoa, Ohio**  
*Ottawa County*  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2010*

|   | Business-Type Activities |                     |                           | Total<br>Enterprise Funds |
|---|--------------------------|---------------------|---------------------------|---------------------------|
|   | Water                    | Electric            | Other<br>Enterprise Funds |                           |
| <b>Assets</b>                                 |                          |                     |                           |                           |
| Equity in Pooled Cash and<br>Cash Equivalents | \$ 834,110               | \$ 1,382,790        | \$ 183,170                | \$ 2,400,070              |
| <i>Total Assets</i>                           | <u>\$ 834,110</u>        | <u>\$ 1,382,790</u> | <u>\$ 183,170</u>         | <u>\$ 2,400,070</u>       |
| <b>Net Assets</b>                             |                          |                     |                           |                           |
| Unrestricted                                  | \$ 834,110               | \$ 1,382,790        | \$ 183,170                | \$ 2,400,070              |
| <i>Total Net Assets</i>                       | <u>\$ 834,110</u>        | <u>\$ 1,382,790</u> | <u>\$ 183,170</u>         | <u>\$ 2,400,070</u>       |

See accompanying notes to the basic financial statements

**Village of Genoa, Ohio**  
*Ottawa County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

|   | Business-Type Activities |                     |                           | Total<br>Enterprise Funds |
|---|--------------------------|---------------------|---------------------------|---------------------------|
|   | Water                    | Electric            | Other<br>Enterprise Funds |                           |
| <b>Operating Receipts</b>                           |                          |                     |                           |                           |
| Charges for Services                                | \$ 965,859               | \$ 2,047,663        | \$ 478,317                | \$ 3,491,839              |
| <i>Total Operating Receipts</i>                     | <u>965,859</u>           | <u>2,047,663</u>    | <u>478,317</u>            | <u>3,491,839</u>          |
| <b>Operating Disbursements</b>                      |                          |                     |                           |                           |
| Personal Services                                   | 95,695                   | 152,395             | 112,924                   | 361,014                   |
| Employee Fringe Benefits                            | 56,149                   | 82,963              | 66,502                    | 205,614                   |
| Contractual Services                                | 28,703                   | 1,230,331           | 162,054                   | 1,421,088                 |
| Supplies and Materials                              | 364,279                  | 55,771              | 88,304                    | 508,354                   |
| Other   | 125                      | 4,910               | 3,908                     | 8,943                     |
| <i>Total Operating Disbursements</i>                | <u>544,951</u>           | <u>1,526,370</u>    | <u>433,692</u>            | <u>2,505,013</u>          |
| <i>Operating Income (Loss)</i>                      | <u>420,908</u>           | <u>521,293</u>      | <u>44,625</u>             | <u>986,826</u>            |
| <b>Non-Operating Receipts (Disbursements)</b>       |                          |                     |                           |                           |
| Earnings on Investments                             | -                        | 1,676               | -                         | 1,676                     |
| Capital Outlay                                      | (11,363)                 | (37,814)            | -                         | (49,177)                  |
| Principal Retirement                                | (55,000)                 | -                   | (26,489)                  | (81,489)                  |
| Interest and Other Fiscal Charges                   | (25,788)                 | -                   | (11,100)                  | (36,888)                  |
| Other Financing Sources                             | 2,295                    | 7,591               | 2,536                     | 12,422                    |
| Other Financing Uses                                | -                        | (381)               | -                         | (381)                     |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(89,856)</u>          | <u>(28,928)</u>     | <u>(35,053)</u>           | <u>(153,837)</u>          |
| <i>Income (Loss) before Transfers</i>               | 331,052                  | 492,365             | 9,572                     | 832,989                   |
| Transfers In  | -                        | 72,353              | -                         | 72,353                    |
| Transfers Out                                       | (138,500)                | (415,500)           | (4,800)                   | (558,800)                 |
| <i>Change in Net Assets</i>                         | 192,552                  | 149,218             | 4,772                     | 346,542                   |
| <i>Net Assets Beginning of Year</i>                 | <u>641,558</u>           | <u>1,233,572</u>    | <u>178,398</u>            | <u>2,053,528</u>          |
| <i>Net Assets End of Year</i>                       | <u>\$ 834,110</u>        | <u>\$ 1,382,790</u> | <u>\$ 183,170</u>         | <u>\$ 2,400,070</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, 2011 and 2010*

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**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***

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. See Notes 15 and 16.

**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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. The Village does not apply FASB statements issued after November 30, 1989 to its business-type activities and to its enterprise funds. 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 assets 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.



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**Note 2 – Summary of Significant Accounting Policies (Continued)**

The statement of net assets 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.

**Income Tax Fund** - The income tax fund accounts for and reports income tax collections from the income tax levied on Village residents and individuals who work in the Village.

**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.

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**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 Clerk. 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.

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**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 2011 and 2010, the Village invested in nonnegotiable certificates of deposit and repurchase agreements. The nonnegotiable certificate of deposits 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 2011 and 2010 were \$15,968 and \$22,043 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.

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**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 Assets***

Net assets 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 assets 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 assets are 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.

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**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**

In 2009, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2010, the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

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**Note 3 – Change in Basis of Accounting and Accounting Principle (Continued)**

For 2010, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

**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 and Income Tax 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 \$9,986 in 2011 and \$3,882 in 2010 in the General Fund.

**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;
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;

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**Note 5 – Deposits and Investments (Continued)**

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 2011 and 2010, the Village had \$400 and \$0 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, 2011, \$2,599,345 of the Village's bank balance of \$3,099,345 which includes \$3,037,800 of non-negotiable certificate of deposits was exposed to custodial credit 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, 2010, \$2,569,853 of the Village's bank balance of \$3,069,853 which includes \$3,021,972 of non-negotiable certificate of deposits was exposed to custodial credit 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.

***Investments***

As of December 31, 2010 and 2011, the Village had the following investments:

| Investment Type       | Fair<br>Value at<br>12/31/2011 | Fair<br>Value at<br>12/31/2010 | Maturity | Rating  |
|-----------------------|--------------------------------|--------------------------------|----------|---------|
| Repurchase Agreements | \$ 741,371                     | \$ 536,301                     | Daily    | AAAm(1) |
| Total Investments     | \$ 741,371                     | \$ 536,301                     |          |         |

(1) Standard and Poor's rating

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**Note 5 – Deposits and Investments (Continued)**

**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.

Fifty-nine and a half percent is credited to the General Fund and thirty-two percent is credited to the Capital Projects Fund. The remaining eight and a half percent remained in the Income Tax Fund.

**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 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.



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**Note 7 - Property Taxes (Continued)**

The full tax rate for all Village operations for the years ended December 31, 2011 and 2010 was \$8.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which the 2011 and 2010 property tax receipts were based are as follows:

|                                  | 2011                 | 2010                 |
|----------------------------------|----------------------|----------------------|
| Real Property                    | \$ 36,924,140        | \$ 36,835,990        |
| Public Utility Personal Property | 412,650              | 439,290              |
| <b>Total</b>                     | <b>\$ 37,336,790</b> | <b>\$ 37,275,280</b> |

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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

|                   | 2010                 | 2009                 |
|-------------------|----------------------|----------------------|
| Assets            | \$ 34,952,010        | \$ 36,374,898        |
| Liabilities       | (14,320,812)         | (15,256,862)         |
| <b>Net Assets</b> | <b>\$ 20,631,198</b> | <b>\$ 21,118,036</b> |

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**Note 8 – Risk Management (Continued)**

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Village's share of these unpaid claims collectible in future years is approximately \$36,000.

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.

| Contributions to PEP |           |
|----------------------|-----------|
| 2011                 | 2010      |
| \$ 38,357            | \$ 36,342 |

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 in 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.

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, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2011 and 2010, members in the state and local divisions contributed 10% of covered payroll.

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**Note 9 – Defined Benefit Pension Plans (Continued)**

The Village's contribution rate for state and local members in 2011 and 2010 was 14% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010 and 2009 were \$62,641, \$58,251 and \$57,374, respectively. The full amount has been contributed for 2011, 2010 and 2009. There were no contributions to the member-directed plan for 2011 or 2010.

***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.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The Village's contribution was 19.5% for police officers. Contribution rates are established by State statute. For 2011 and 2010, a portion of the Village's contribution equal to 6.75% of covered payroll was allocated to fund the postemployment healthcare plan. The Village's required contributions to OP&F for the years ended December 31, 2011, 2010 and 2009 were \$19,186, \$21,147 and \$21,687 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.

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 2011 and 2010, 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.

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**Note 10 - Postemployment Benefits (Continued)**

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 5.5% from January 1, 2010 through February 28, 2010, 5.0% from March 1, 2010 through December 31, 2010 and 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010 and 6.05% for 2011. The portion of employer contributions allocated to health care for the year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. 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, 2011, 2010 and 2009 were \$25,046, \$33,209 and \$41,486, respectively. The full amount has been contributed for those years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased 2006 through 2008. These rate increases allowed additional funds to be allocated to the healthcare plan.

***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.

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.

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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.

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**Note 10 - Postemployment Benefits (Continued)**

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. For the years ended December 31, 2011 and 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare 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 OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$10,158 for the year ended December 31, 2011; \$11,196 for the year ended December 31, 2010 and \$11,482 for the year ended December 31, 2009. 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, 2011 and 2010 were as follows:

|                                       | Interest<br>Rates | Balance at<br>1/1/2011 | Increase    | Decrease            | Balance at<br>12/31/2011 | Due within<br>one year |
|---------------------------------------|-------------------|------------------------|-------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>       |                   |                        |             |                     |                          |                        |
| O.P.W.C. Loans                        | 0%                | \$ 512,185             | \$ -        | \$ (30,521)         | \$ 481,664               | \$ 25,225              |
| O.W.D.A. Loans                        | 6.32%             | 351,189                | -           | (23,063)            | 328,126                  | 24,522                 |
| AMP - Ohio Electric Bonds             | 2.80%             | 4,738,747              | -           | (173,332)           | 4,565,415                | 180,000                |
| Water System G.O. Bond                | 4.25%             | 588,102                | -           | (54,264)            | 533,838                  | 57,325                 |
| <b>Total Governmental Activities</b>  |                   | <b>\$ 6,190,223</b>    | <b>\$ -</b> | <b>\$ (281,180)</b> | <b>\$ 5,909,043</b>      | <b>\$ 287,072</b>      |
| <b>Business-Type Activities</b>       |                   |                        |             |                     |                          |                        |
| O.W.D.A. Loans                        | 6.58%             | \$ 142,204             | \$ -        | \$ (28,232)         | \$ 113,972               | \$ 30,090              |
| Mortgage Revenue Bonds                | 5%                | 480,000                | -           | (60,000)            | 420,000                  | 65,000                 |
| <b>Total Business-Type Activities</b> |                   | <b>\$ 622,204</b>      | <b>\$ -</b> | <b>\$ (88,232)</b>  | <b>\$ 533,972</b>        | <b>\$ 95,090</b>       |

|                                       | Interest<br>Rates | Balance at<br>1/1/2010 | Increase         | Decrease            | Balance at<br>12/31/2010 | Due within<br>one year |
|---------------------------------------|-------------------|------------------------|------------------|---------------------|--------------------------|------------------------|
| <b>Governmental Activities:</b>       |                   |                        |                  |                     |                          |                        |
| O.P.W.C. Loans                        | 0%                | \$ 507,175             | \$ 24,332        | \$ (19,322)         | \$ 512,185               | \$ 30,521              |
| O.W.D.A. Loans                        | 6.32%             | 372,883                | -                | (21,694)            | 351,189                  | 23,063                 |
| AMP - Ohio Electric Bonds             | 2.80%             | 4,903,747              | -                | (165,000)           | 4,738,747                | 173,332                |
| Water System G.O. Bond                | 4.25%             | 639,983                | -                | (51,881)            | 588,102                  | 54,264                 |
| <b>Total Governmental Activities</b>  |                   | <b>\$ 6,423,788</b>    | <b>\$ 24,332</b> | <b>\$ (257,897)</b> | <b>\$ 6,190,223</b>      | <b>\$ 281,180</b>      |
| <b>Business-Type Activities</b>       |                   |                        |                  |                     |                          |                        |
| O.W.D.A. Loans                        | 6.58%             | \$ 168,693             | \$ -             | \$ 26,489           | \$ 142,204               | \$ 28,232              |
| Mortgage Revenue Bonds                | 5%                | 535,000                | -                | 55,000              | 480,000                  | 60,000                 |
| <b>Total Business-Type Activities</b> |                   | <b>\$ 703,693</b>      | <b>\$ -</b>      | <b>\$ 81,489</b>    | <b>\$ 622,204</b>        | <b>\$ 88,232</b>       |

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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 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, 2011 are as follows:

| For the Year<br>Ending 12/31 | O.W.D.A            |                   | AMP                 |                     | O.P.W.C            |  |
|------------------------------|--------------------|-------------------|---------------------|---------------------|--------------------|--|
|                              | Loans<br>Principal | Loans<br>Interest | Bonds<br>Principal  | Bonds<br>Interest   | Loans<br>Principal |  |
| 2012                         | \$ 54,612          | \$ 28,237         | \$ 180,000          | \$ 221,370          | \$ 25,225          |  |
| 2013                         | 58,142             | 24,707            | 185,000             | 215,250             | 25,225             |  |
| 2014                         | 61,900             | 20,949            | 190,000             | 208,775             | 25,225             |  |
| 2015                         | 47,106             | 16,948            | 200,000             | 198,800             | 25,225             |  |
| 2016                         | 31,335             | 13,925            | 210,000             | 188,300             | 25,225             |  |
| 2017-2021                    | 189,003            | 37,297            | 1,240,000           | 762,738             | 138,738            |  |
| 2022-2026                    | -                  | -                 | 1,600,000           | 406,844             | 126,126            |  |
| 2027-2031                    | -                  | -                 | 760,415             | 52,031              | 56,450             |  |
| 2032-2036                    | -                  | -                 | -                   | -                   | 26,326             |  |
| 2037-2041                    | -                  | -                 | -                   | -                   | 7,899              |  |
| <b>Total</b>                 | <b>\$ 442,098</b>  | <b>\$ 142,063</b> | <b>\$ 4,565,415</b> | <b>\$ 2,254,108</b> | <b>\$ 481,664</b>  |  |

| For the Year<br>Ending 12/31 | Water System       |                   | Mortgage Rev.      |                   |
|------------------------------|--------------------|-------------------|--------------------|-------------------|
|                              | Bonds<br>Principal | Bonds<br>Interest | Bonds<br>Principal | Bonds<br>Interest |
| 2012                         | \$ 57,325          | \$ 25,404         | \$ 65,000          | \$ 20,893         |
| 2013                         | 59,859             | 20,563            | 65,000             | 18,000            |
| 2014                         | 62,438             | 17,983            | 70,000             | 14,750            |
| 2015                         | 65,128             | 15,293            | 70,000             | 11,250            |
| 2016                         | 67,901             | 12,521            | 75,000             | 7,750             |
| 2017-2021                    | 221,187            | 19,390            | 75,000             | 4,000             |
| <b>Total</b>                 | <b>\$ 533,838</b>  | <b>\$ 111,154</b> | <b>\$ 420,000</b>  | <b>\$ 76,643</b>  |

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.

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**Note 12- Leases**

In 2006, the Village entered into a capital lease for the purchase of capital equipment and vehicles. The Village disbursed \$39,270 to pay lease costs for the year ended December 31, 2011. Capital lease payments are reflected as functional disbursements in the financial statements for the governmental funds.

The following is a schedule of future minimum lease payments under this capital lease and present value of the net lease payments at December 31, 2011:

|   | Year | Equipment Purchase |
|---|------|--------------------|
|   | 2012 | \$ 39,270          |
|   | 2013 | 39,270             |
| Total Minimum Lease Payment             |      | \$ 78,540          |
| Less: Amount Representing Interest      |      | (5,520)            |
| Present Value of Minimum Lease Payments |      | \$ 73,020          |

**Note 13 – 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:

| 2011                       | General Fund | Income Tax Fund | Generator Substation Fund | Other Governmental Funds | Total        |
|----------------------------|--------------|-----------------|---------------------------|--------------------------|--------------|
| <b>Restricted for</b>      |              |                 |                           |                          |              |
| Road Improvements          | -            | -               | -                         | \$ 171,823               | \$ 171,823   |
| Park Maintenance           | -            | -               | -                         | 29,698                   | 29,698       |
| Other                      | -            | \$ 53,075       | -                         | 1,354                    | 54,429       |
| <i>Total Restricted</i>    | -            | \$ 53,075       | -                         | \$ 202,875               | \$ 255,950   |
| <b>Committed to</b>        |              |                 |                           |                          |              |
| Capital Projects           | -            | -               | -                         | \$ 253,716               | \$ 253,716   |
| Other                      | -            | -               | -                         | 6,880                    | 6,880        |
| <i>Total Committed</i>     | -            | -               | -                         | \$ 260,596               | \$ 260,596   |
| <b>Assigned to</b>         |              |                 |                           |                          |              |
| Debt Service               | -            | -               | \$ 250                    | \$ 12,119                | \$ 12,369    |
| Encumbrances               | \$ 9,986     | -               | -                         | -                        | 9,986        |
| <i>Total Assigned</i>      | \$ 9,986     | -               | \$ 250                    | \$ 12,119                | \$ 22,355    |
| Unassigned (deficits):     | \$ 656,941   | -               | -                         | -                        | \$ 656,941   |
| <i>Total Fund Balances</i> | \$ 666,927   | \$ 53,075       | \$ 250                    | \$ 475,590               | \$ 1,195,842 |

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**Note 13 – Fund Balances (Continued)**

| 2010                       | General    | Income    | Generator  | Capital     | Other        | Total        |
|----------------------------|------------|-----------|------------|-------------|--------------|--------------|
| Fund Balances              | Fund       | Tax       | Substation | Improvement | Governmental |              |
|                            |            | Fund      | Fund       | Fund        | Funds        |              |
| <b>Restricted for</b>      |            |           |            |             |              |              |
| Road Improvements          | -          | -         | -          | -           | \$ 170,642   | \$ 170,642   |
| Park Maintenance           | -          | -         | -          | -           | 33,388       | 33,388       |
| Other                      | -          | \$ 58,357 | -          | -           | 1,083        | 59,440       |
| <i>Total Restricted</i>    | -          | \$ 58,357 | -          | -           | \$ 205,113   | \$ 263,470   |
| <b>Committed to</b>        |            |           |            |             |              |              |
| Capital Projects           | -          | -         | -          | \$ 114,914  | \$ 21,138    | \$ 136,052   |
| Other                      | -          | -         | -          | -           | 6,880        | 6,880        |
| <i>Total Committed</i>     | -          | -         | -          | \$ 114,914  | \$ 28,018    | \$ 142,932   |
| <b>Assigned to</b>         |            |           |            |             |              |              |
| Debt Service               | -          | -         | \$ 260     | -           | \$ 48,853    | \$ 49,113    |
| Encumbrances               | \$ 3,882   | -         | -          | -           | -            | 3,882        |
| <i>Total Assigned</i>      | \$ 3,882   | \$ -      | \$ 260     | -           | \$ 48,853    | \$ 52,995    |
| Unassigned :               | \$ 695,853 | -         | -          | -           | -            | \$ 695,853   |
| <i>Total Fund Balances</i> | \$ 699,735 | \$ 58,357 | \$ 260     | \$ 114,914  | \$ 281,984   | \$ 1,155,250 |

**Note 14 – Interfund Transfers**

During 2011 and 2010 the following transfers were made:

| Fund                      | 2011                |                     | 2010                |                     |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
|                           | Transfers In        | Transfers Out       | Transfers In        | Transfers Out       |
| General                   | \$ 475,428          | \$ 80,825           | \$ 446,526          | \$ 72,353           |
| Street                    | -                   | -                   | -                   | 1,500               |
| Generator/Substation Debt | 411,000             | -                   | 390,500             | -                   |
| Genoa Bank Note           | 82,500              | -                   | 82,500              | -                   |
| OWDA Washington Street.   | 46,500              | -                   | 48,000              | -                   |
| Equipment Debt Fund       | -                   | -                   | 39,300              | -                   |
| Capital Improvement       | 254,833             | 16,300              | 239,342             | 38,000              |
| Major Projects            | 16,300              | -                   | 38,000              | -                   |
| Water Fund                | -                   | 139,000             | -                   | 138,500             |
| Sewer Fund                | -                   | 10,000              | -                   | 4,800               |
| Electric Fund             | 65,825              | 436,000             | 72,353              | 415,500             |
| Equipment Reserve Fund    | 60,000              | -                   | -                   | -                   |
| Income Tax                | -                   | 730,261             | -                   | 685,868             |
| <b>Total</b>              | <b>\$ 1,412,386</b> | <b>\$ 1,412,386</b> | <b>\$ 1,356,521</b> | <b>\$ 1,356,521</b> |



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**Note 14 – 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 15 – 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, 2011 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, 2011, the outstanding debt was \$23,633,931. The Village's net obligation for this amount at December 31, 2011 and 2010 was \$44,904 and \$47,081. The Village's net investment in OMEGA JV2 was \$43,336 and \$47,459 at December 31, 2011 and 2010, respectively. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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**Note 15 – Joint Ventures (Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2011 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 are disclosed below:

|                       | <u>Years</u> | Total Debt       |                  |                  |
|-----------------------|--------------|------------------|------------------|------------------|
|                       |              | Principal        | Interest         | Service          |
| 2012                  |              | \$ 4,905         | \$ 2,680         | \$ 7,585         |
| 2013                  |              | 5,160            | 2,423            | 7,583            |
| 2014                  |              | 5,425            | 2,152            | 7,577            |
| 2015                  |              | 5,709            | 1,867            | 7,576            |
| 2016-2020             |              | 23,704           | 4,852            | 28,556           |
| Total Gross Liability |              | <u>\$ 44,904</u> | <u>\$ 13,973</u> | <u>\$ 58,877</u> |
| Net Obligation        |              | <u>\$ 44,904</u> |                  |                  |

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**Note 15 – Joint Ventures (Continued)**

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, 2011 Genoa has 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 \$73,286 and \$74,540 at December 31, 2011 and 2010. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Village of Genoa**  
Ottawa County  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 16 - American Municipal Power Generating Station Project**

The Village of Genoa is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

**History of the AMPGS Project**

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

**Village of Genoa**  
Ottawa County  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2011 and 2010*

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**Note 16 - American Municipal Power Generating Station Project (Continued)**

Based on an allocation to Genoa of 1,638 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Genoa has a potential stranded cost obligation of \$267,903 for the AMPGS Project. The Village of Genoa does not have any payments on deposit with AMP at December 31, 2011.

**AMP Fremont Energy Center (AFEC) Development Fee**

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$96,844 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 925 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2011.

**Recording of Stranded Cost**

The Village of Genoa has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded costs the Village believes it would have violated its covenant obligations for its debt covenant obligation with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5.

The Village intends to pay any potential costs with either cash reserves or an increase user fees.

**Note 17 – Contingent Liabilities**

Management believes there are no pending claims or lawsuits.

**INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, (Village), Ottawa County, Ohio, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 10, 2012, wherein we noted the Village followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. Also, we noted the Village implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

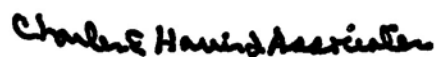
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### 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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 10, 2012.

We intend this report solely for the information and use of management, the Village Council and others within the Village. We intend it for no one other than these specified parties.



**Charles E. Harris and Associates, Inc.**

September 10, 2012

**VILLAGE OF GENOA  
OTTAWA COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

| Finding Number | Finding Summary  | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2009-Genoa-01  | Various posting errors   | Yes              | Finding no longer valid   |
| 2009-Genoa-02  | Ohio Revised Code Section 5705.36(A)(4) actual receipts were less than estimated receipts. | Yes              | Finding no longer valid   |
| 2009-Genoa-03  | Ohio Revised Code Section 5705.39 appropriations exceeded estimated resources              | Yes              | Finding no longer valid   |





# 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  
DECEMBER 27, 2012