

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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



Mary Taylor, CPA

Auditor of State

Village Council
Village of Genoa
102 East 6th 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, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 19, 2010

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**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 and 2008**

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

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 Village of Genoa, Ottawa County, Ohio (the Village), as and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2009, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Genoa, Ottawa County as of December 31, 2009 and 2008 and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2010, 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 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.

Charles E. Harris & Associates, Inc.

July 19, 2010

**VILLAGE OF GENOA
OTTAWA COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 88,457	\$ 66,720	\$ -	-	\$ 155,177
Municipal Income Tax	-	749,737	-	-	749,737
Intergovernmental Receipts	112,770	128,554	-	\$ 8,198	249,522
Charges for Services	-	14,752	-	-	14,752
Fines, Licenses and Permits	5,106	4,144	-	-	9,250
Earnings on Investments	70,834	3,067	-	-	73,901
KWH Tax	68,858	-	-	-	68,858
Miscellaneous	9,783	1,855	-	15,077	26,715
Total Cash Receipts	355,808	968,829	-	23,275	1,347,912
Cash Disbursements:					
Current:					
Security of Persons/Property	363,419	-	-	19,800	383,219
Public Health Services	6,519	-	-	-	6,519
Leisure Time Activities	-	74,233	-	-	74,233
Community Environment	4,542	-	-	-	4,542
Transportation	-	114,606	-	-	114,606
General Government	216,403	69,401	-	-	285,804
Capital Outlay	68,471	24,784	-	619,702	712,957
Debt Service:					
Principal Retirement	-	-	256,607	13,419	270,026
Interest and Fiscal Charges	-	-	272,209	-	272,209
Total Cash Disbursements	659,354	283,024	528,816	652,921	2,124,115
Total Cash Receipts Over/(Under) Cash Disbursements	(303,546)	685,805	(528,816)	(629,646)	(776,203)
Other Financing Sources/(Uses):					
Proceeds of O.P.W.C. Loan	-	-	-	219,017	219,017
Sale of Fixed Assets	1,392	5,881	-	-	7,273
Transfers-In	445,115	30,000	493,100	252,585	1,220,800
Transfers-Out	(118,858)	(686,700)	-	(14,000)	(819,558)
Total Other Financing Sources/(Uses)	327,649	(650,819)	493,100	457,602	627,532
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	24,103	34,986	(35,716)	(172,044)	(148,671)
Fund Cash Balance, January 1	777,376	202,290	86,759	386,299	1,452,724
Fund Cash Balance, December 31	\$ 801,479	\$ 237,276	\$ 51,043	\$ 214,255	\$ 1,304,053

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

**VILLAGE OF GENOA
OTTAWA COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type Enterprise Funds
Operating Cash Receipts:	
Charges for Services	\$ 3,289,490
Miscellaneous	12,678
Total Operating Cash Receipts	3,302,168
Operating Cash Disbursements:	
Personal Services	722,422
Contractual Services	150,745
Materials and Supplies	1,714,010
Transportation	1,143
Capital Outlay	152,584
Total Operating Cash Disbursements	2,740,904
Operating Income	561,264
Non-Operating Receipts:	
Utility Deposits	1,622
Interest Earnings	1,954
Total Non-Operating Receipts	3,576
Non-Operating Cash Disbursements	
Debt Service:	
Principal Retirement	67,823
Interest and Fiscal Charges	34,207
Utility Refunds	4,704
Other Financing Uses	19,095
Total Non-Operating Cash Disbursements	125,829
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	439,011
Transfers-In	88,858
Transfers-Out	(490,100)
Net Receipts Over/(Under) Disbursements	37,769
Fund Cash Balance, January 1	2,015,759
Fund Cash Balance, December 31	\$ 2,053,528

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

**VILLAGE OF GENOA
OTTAWA COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 89,614	\$ 55,613	\$ -	-	\$ 145,227
Municipal Income Tax	-	946,380	-	-	946,380
Intergovernmental Receipts	203,751	129,538	-	-	333,289
Charges for Services	-	16,635	-	-	16,635
Fines, Licenses and Permits	9,619	2,714	-	-	12,333
Earnings on Investments	84,112	3,309	-	-	87,421
KWH Tax	68,955	-	-	-	68,955
Miscellaneous	14,191	5,013	-	\$ 650	19,854
Total Cash Receipts	470,242	1,159,202	-	650	1,630,094
Cash Disbursements:					
Current:					
Security of Persons/Property	354,903	-	-	-	354,903
Public Health Services	6,863	-	-	-	6,863
Leisure Time Activities	-	80,391	-	-	80,391
Community Environment	4,003	-	-	-	4,003
Transportation	-	123,769	-	-	123,769
General Government	229,351	69,849	-	-	299,200
Capital Outlay	31,882	17,569	-	208,494	257,945
Debt Service:					
Principal Retirement	-	-	257,503	8,154	265,657
Interest and Fiscal Charges	-	-	288,466	-	288,466
Total Cash Disbursements	627,002	291,578	545,969	216,648	1,681,197
Total Cash Receipts Over/(Under) Cash Disbursements	(156,760)	867,624	(545,969)	(215,998)	(51,103)
Other Financing Sources/(Uses):					
Proceeds of O.P.W.C. Loan	-	-	-	124,986	124,986
Transfers-In	559,302	-	565,300	334,791	1,459,393
Transfers-Out	(133,955)	(860,593)	-	(10,000)	(1,004,548)
Total Other Financing Sources/(Uses)	425,347	(860,593)	565,300	449,777	579,831
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	268,587	7,031	19,331	233,779	528,728
Fund Cash Balance, January 1	508,789	195,259	67,428	152,520	923,996
Fund Cash Balance, December 31	\$ 777,376	\$ 202,290	\$ 86,759	\$ 386,299	\$ 1,452,724

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

**VILLAGE OF GENOA
OTTAWA COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type Enterprise Funds
Operating Cash Receipts:	
Charges for Services	\$ 3,446,811
Miscellaneous	14,231
Total Operating Cash Receipts	3,461,042
Operating Cash Disbursements:	
Personal Services	766,649
Contractual Services	165,904
Materials and Supplies	1,629,831
Transportation	2,157
Capital Outlay	208,110
Total Operating Cash Disbursements	2,772,651
Operating Income	688,391
Non-Operating Receipts:	
Interest Earnings	2,407
Utility Deposits	12,566
Special Assessments	2,720
Total Non-Operating Receipts	17,693
Non-Operating Cash Disbursements	
Debt Service:	
Principal Retirement	79,061
Interest and Fiscal Charges	44,210
Utility Refunds	6,406
Other Financing Uses	16,018
Total Non-Operating Cash Disbursements	145,695
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	560,389
Transfers-In	108,955
Transfers-Out	(563,800)
Net Receipts Over/(Under) Disbursements	105,544
Fund Cash Balance, January 1	1,910,215
Fund Cash Balance, December 31	\$ 2,015,759

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

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Genoa, Ottawa County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services including water and sewer utilities, park operations and police services.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

The provisions of the Ohio Revised Code restrict investment procedures. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities, reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING – (continued)

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that is legally restricted to disbursements for specified purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Improvement Fund – This fund receives gasoline tax monies from the State of Ohio for maintenance and repair of state highways in the Village.

Park and Recreation Fund – This fund receives local taxes and other revenues to provide leisure time activities to Village residents.

Permissive Motor Vehicle License Tax Fund – This fund receives motor vehicle licenses tax money to construct, maintain, and repair Village roads.

Income Tax Fund – This fund receives income tax collections from the income tax levied on Village residents and individuals who work in the Village.

Debt Service Funds: This fund is used to accumulate resources for the payment of bond and note indebtedness. The Village had the following significant debt service funds:

Waterworks Bond Fund – This fund received transfers used to pay interest and principal on mortgage revenue bonds.

OWDA Water Washington Street Fund – This fund received transfers to pay interest and principal on an OWDA loan.

General Obligation Bonds Fund – This fund received transfers to pay interest and principal on general obligation bonds.

VILLAGE OF GENOA
OTTAWA COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING – (continued)

Governmental Fund Types:

Capital Project Funds: To account for the financial resources to be used for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village has the following significant Capital Project funds:

Capital Improvement – This fund receives proceeds of grants and other funds to be used for capital improvements for the Village.

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

Proprietary Fund Type:

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

Water Fund – This fund receives charges for services from residents to cover water service costs.

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

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

Utility Deposit Fund – This fund receives security deposits required to be paid by customers in order to obtain utility services.

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

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

2. Estimated Resources

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

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the fund, function, object level for all funds, and appropriations may not exceed estimated resources. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

A summary of 2008 and 2009 budgetary activity appears in Note 8.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. UNPAID VACATION AND SICK LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash pool using all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of the Village's cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2009</u>
Demand Deposits	\$ 27,227	\$ (77,209)
Repurchase Agreements	512,938	432,808
Certificates of Deposit	<u>2,928,318</u>	<u>3,001,982</u>
Total Deposits, Investments and Cash	<u>\$ 3,468,483</u>	<u>\$ 3,357,581</u>

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

The negative deposits are due to the Village investing in overnight repurchase agreements.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2009.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amounts of these homestead and rollback reductions are reimbursed to the Village by the State of Ohio and are reflected in the accompanying financial statements as Intergovernmental Receipts.

Public utilities are also taxed on personal and real property located within the Village. Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

Tangible personal property tax receipts received in the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true value as of December 31 of the previous year. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, is 6.25 percent for 2008 and zero for 2009.

The County Treasurer collects property tax on behalf of all taxing Villages within the county. The County Auditor periodically remits to the taxing Villages their portions of the taxes collected.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

3. LOCAL INCOME TAX

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 of the Village.

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

Seventy-five percent of the first one percent collected is credited to the General Fund. The remaining twenty-five percent is credited to the Capital Projects Fund. The remaining one-half percent is credited to the Sewer Capital Improvement fund per Village ordinance.

4. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loans	\$ 541,576	6.32 - 6.58%
OPWC Loans	507,175	0%
Water System G.O. Bond	639,983	4.25%
AMP-Ohio Electric System Improvements	4,903,747	2.80%
Capital Lease	139,254	N/A
Mortgage Revenue Bonds	535,000	5%
Total	<u>\$ 7,266,735</u>	

The Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant and waterline improvements. The American Municipal Power Electric System Bonds relate to the construction and improvements of substations, electrical upgrades and electric generators which are, or will be 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.

The prior year ending debt balance was understated by \$10,490.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

5. DEBT – (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 21, 2009 are as follows:

For the Year Ending 12/31	AMP Ohio Bonds	OWDA Loans	OPWC Loans	Water System	Mortgage Revenue
2010	\$ 402,370	\$ 82,849	\$ 18,715	\$ 80,421	\$ 68,005
2011	397,420	82,849	24,010	80,421	71,781
2012	402,058	82,849	24,010	80,421	75,446
2013	401,370	82,849	24,010	80,421	387,875
2014	400,250	82,849	24,010	80,421	-
2015-2019	1,998,613	263,889	120,050	402,105	-
2020-2024	2,004,126	90,520	120,050	-	-
2025-2029	1,999,751	-	103,742	-	-
2030-2034	-	-	31,625	-	-
2035-2039	-	-	21,064	-	-
Total	\$ 8,005,958	\$ 768,654	\$ 511,286	\$ 804,210	\$ 603,107

6. CAPITAL LEASES

In 2006, the Village entered into a capital lease for the purchase of capital equipment and vehicles. 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, 2009:

	Year	Equipment Purchase
	2010	\$ 39,270
	2011	39,270
	2012	39,270
	2013	39,270
Total Minimum Lease Payment		\$ 157,080
Less: Amount Representing Interest		(17,826)
Present Value of Minimum Lease Payments		\$ 139,254

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with around 500 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The plan provides property, liability, errors and omissions, law enforcement, for each member's need. The Plan pays judgments, settlements and other expenses resulting from other claims that exceed the member's deductibles. The individual members are only responsible for the self-retention (deductible) amounts that vary from member to member.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>4,273,553</u>
Retained Earnings	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for the Ohio Government Risk Management at the Plan's website, www.ohioplan.org.

Settled Claims have not been exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The Village also provides health insurance coverage to full-time employees through the Wayne County Employee Benefit Plan.

The Village's relationship with the Ohio Plan ended on November 13, 2009.

Public Entities Pool of Ohio (PEP)

Beginning November 14, 2009, 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 insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

7. RISK MANAGEMENT (continued)

Casualty Insurance

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including automobile loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an annual aggregate of \$10,000,000.

Property Insurance

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate loss limit for 2008 and 2007 were \$2,014,547 and \$2,000,000, respectively.

The aforementioned casualty and property reinsurance agreements do 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, 2008 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Retained Earnings	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.7 million and \$15.9 of estimated incurred claims payable. The assets and retained earnings above include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. PEP will collect these amounts in the future annual premium billings when PEP's related liabilities are due for payment.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

7. RISK MANAGEMENT (continued)

Based on discussion 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 each year of the membership.

Contributions to PEP

2009 **\$18,646**

Members may withdraw in each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of their anniversary date. Upon withdrawal, members who are eligible got a full or partial refund of their capital contribution, minus subsequent year's premium. Also, upon withdrawal, payments of all property and casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

8. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 is as follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 1,568,458	\$ 802,315	\$ (766,143)
Special Revenue Funds	1,199,267	1,004,710	(194,557)
Debt Service	657,059	493,100	(163,959)
Capital Projects Funds	1,130,557	494,877	(635,680)
Enterprise Funds	6,080,627	3,394,602	(2,686,025)
Total	<u>\$ 10,635,968</u>	<u>\$ 6,189,604</u>	<u>\$ (4,446,364)</u>

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

8. BUDGETARY ACTIVITY – (continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 1,008,350	\$ 778,212	\$ 230,138
Special Revenue Funds	1,126,471	969,724	156,747
Debt Service	590,275	528,816	61,459
Capital Projects Funds	1,220,052	666,921	553,131
Enterprise Funds	4,660,568	3,356,833	1,303,735
Total	\$ 8,605,716	\$ 6,300,506	\$ 2,305,210

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 1,314,858	\$ 1,029,544	\$ (285,314)
Special Revenue Funds	1,358,901	1,159,202	(199,699)
Debt Service	637,703	565,300	(72,403)
Capital Projects Funds	1,048,785	460,427	(588,358)
Enterprise Funds	5,662,531	3,587,690	(2,074,841)
Total	\$10,022,778	\$ 6,802,163	\$ (3,220,615)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 1,000,050	\$ 760,957	\$ 239,093
Special Revenue Funds	1,284,303	1,152,171	132,132
Debt Service	590,275	545,969	44,306
Capital Projects Funds	1,041,234	226,648	814,586
Enterprise Funds	4,530,060	3,482,146	1,047,914
Total	\$ 8,445,922	\$ 6,167,891	\$ 2,278,031

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

9. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS):

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer public employee retirement system. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code provides statutory authority for employee and employer contributions. In 2008 and 2009, OPERS participants contributed 10.0% of their wages. The Village contributed an amount equal to 14% of their wages. The Village has paid all contributions required through December 31, 2009.

Ohio Police & Fire Pension Fund (OP&F):

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). OP&F is a cost sharing, multiple employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2008 and 2009, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. The Village has paid all contributions through December 31, 2009.

10. TRANSFERS

The Village had numerous fund transfers during 2008 and 2009. In 2008, money was transferred from the General Fund to the Garbage Fund and the Electric fund for the purpose of meeting current expenses prior to the passage of the permanent budget. Money was transferred from the Income Tax – Special Revenue Fund into the General Fund and the Capital Improvement Fund for the allocation of income tax receipts. Money was transferred from the Capital Improvement Fund to the Major Projects Fund for payment of debt. Money was transferred from the Street, Sewer, Electric and Water Funds to the Equipment Debt Service Fund for payment of debt on equipment purchases.

In 2009, the Village transferred money from the General Fund to the Income Tax Fund. Money was transferred from the Income Tax – Special Revenue Fund to the General Fund and the Capital Improvement Fund for the allocation of income tax receipts. Money was transferred from the Capital Improvement Fund to the Major Projects Fund for payment of debt. Money was transferred from the Electric and Water Funds to the Debt Service Fund for the payment of debt. Money was transferred from the Street, Electric, Water, and Sewer Funds to the Equipment Debt Service Fund for payment of debt on equipment purchases.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

12. JOINT VENTURE

Ohio Municipal Electric Generation Agency Joint Venture 2

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, 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-Ohio and to pay or incur the costs of the same in accordance with the JV2 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 of obligations. As of December 31, 2008 and 2009, 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-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio 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. The Village's net investment in OMEGA JV2 was \$54,770 and \$51,175 at December 31, 2008 and 2009, respectively. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

12. JOINT VENTURE (continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 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	Genoa	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	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Year	Amount
2010	\$7,579
2011	7,583
2012	7,585
2013	7,583
2012	7,575
Subsequent	45,483
Total	\$83,389

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

12. JOINT VENTURE (continued)

Ohio Municipal Electric Generation Agency Joint Venture 5

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-Ohio.

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, 2009 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-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio 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 \$61,817 and \$82,710 at December 31, 2008 and 2009, respectively. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF GENOA
OTTAWA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 and 2008**

13. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.36 (4)(A), the Village had actual receipts below estimated receipts causing a deficiency of estimated receipts below the level of appropriations.

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations exceed total estimated resources in several funds.

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

**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 East Sixth Street
Genoa, OH 43430

To the Village Council:

We have audited the financial statements of the Village of Genoa, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 19, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 audit 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-Genoa-01 described in the accompanying schedule of findings to be a material weakness.

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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-Genoa-01, 2009-Genoa-02 and 2009-Genoa-03.

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

We noted certain matters that we have reported to management of the Village in a separate letter dated July 19, 2010.

We intend this report solely for the information and use of management, the audit committee, 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.

July 19, 2010

VILLAGE OF GENOA
OTTAWA COUNTY

SCHEDULE OF FINDINGS
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER 2009- GENOA -01: Noncompliance and Material Weakness

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

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

During 2008 and 2009, the Village loan from OPWC included receipts of \$124,986 and \$219,017 respectively in the Capital Projects Fund. The Village posted these receipts as intergovernmental revenues in 2008 and 2009. These were reclassified as proceeds of OPWC loans.

The Village classified Earnings on Investments as miscellaneous revenue in 2008 and 2009 in the General, Street Fund and State Highway Improvement Fund. The amounts were \$84,112 in the General Fund, \$997 in the Street Fund and \$516 in the State Highway Improvement Fund in 2008. The amounts were \$70,834 in the General Fund, \$927 in the Street Fund and \$527 in the State Highway Improvement Fund for the year 2009. These receipts were reclassified as Earnings on Investments.

In 2008 and 2009 the Village recorded its payments for the Joint Operating Agreements with AMP-Ohio as payment of principal. The amounts were \$79,405 for 2008 and \$79,473 for 2009. These were reclassified to Other Financing Uses.

Management Response:

The Fiscal Officer takes these findings under advisement and will strive to classify to proper accounts in the future.

**VILLAGE OF GENOA
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS – (continued)
December 31, 2009 and 2008**

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

FINDING NUMBER 2009- GENOA -02: – Noncompliance

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

<u>2009</u>	<u>Amount</u>
<u>Special Revenue Fund:</u>	
Street Construction	\$ (6,522)
 <u>Debt Service Funds:</u>	
Bond Retirement	\$ (32,239)
Water Works Bond Retirement	\$ (17,616)
 <u>Capital Projects Funds:</u>	
Capital Improvement Fund	(348,443)
Major Projects	(7,631)
Sewer Issue II	(127,082)
 <u>Enterprise Funds:</u>	
Sewer	(21,623)
Garbage	(316)
 <u>2008</u>	
<u>Special Revenue Funds:</u>	
Street Construction	(4,466)
Income Tax Fund	(49,922)
 <u>Capital Projects Funds:</u>	
Major Projects	(122,727)
Sewer Issue II	(324,334)
Downtown Grant	(42,000)
 <u>Enterprise Fund:</u>	
Sewer Fund	(14,018)

Management Response:

The Fiscal Officer takes this finding under advisement and will monitor budgetary variances more closely in future.

**VILLAGE OF GENOA
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS – (continued)
December 31, 2009 and 2008**

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

FINDING NUMBER 2009- GENOA -03: – Noncompliance

Appropriations Exceed Estimated Resources

Section 5705.39, Revised Code, states that appropriations from each fund shall not exceed the total estimated resources as certified for expenditure by the county budget commission. The following funds were found to have appropriations in excess of the amount available for expenditure.

Fund	<u>2009</u> Total Estimated Resources	Total Appropriations	Variance
<u>Special Revenue Funds:</u>			
Street Construction	\$ 166,980	\$ 169,199	\$ (2,219)
Recreation	127,261	128,132	(871)
 <u>Capital Projects Fund:</u>			
Capital Improvement	544,665	740,170	(195,505)
 <u>Enterprise Fund:</u>			
Sewer	439,238	442,082	(2,844)
 <u>2008</u>			
<u>Special Revenue Fund:</u>			
Income Tax	936,331	939,650	(3,319)
 <u>Capital Projects Fund:</u>			
Capital Improvement	367,332	372,069	(4,737)
 <u>Enterprise Fund:</u>			
Sewer	473,154	473,615	(461)

Management Response:

The Fiscal Officer takes this finding under advisement and will monitor budgetary variances more closely in future.

VILLAGE OF GENOA
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2009 and 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2007-Genoa - 01	Ohio Administrative Code 117-2-02(A), failure to post revenues/expenditures into proper classifications on financial statements	No	Not Corrected. Repeated as Finding 2009-Genoa-01
2007-Genoa-02	ORC 5705.36(A)(4) Actual Revenue Deficit of Estimated Revenue	No	Not Corrected. Repeated as Finding 2009-Genoa-02
2007-Genoa-03	ORC 5705.41(D)(B) Expenditures plus encumbrances exceed appropriations	Yes	Finding No Longer Valid

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Mary Taylor, CPA
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
NOVEMBER 4, 2010**