



Dave Yost • Auditor of State



**VILLAGE OF GENOA  
OTTAWA COUNTY**

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VILLAGE OF GENOA  
OTTAWA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Genoa  
Ottawa County  
102 East 6<sup>th</sup> Street  
Genoa, Ohio 43430

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis 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, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Genoa, Ottawa County, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General and Permissive Tax funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 18 to the basic financial statements, during 2014, the Village restated their beginning fund balances to properly account for a prior audit period audit adjustment. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 24, 2017

**Village of Genoa**  
**Ottawa County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2015*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 131,444	\$ 2,444,789	\$ 2,576,233
<b>Net Position</b>			
Restricted for:			
Capital projects	69,393	-	69,393
Debt service	11,169	-	11,169
Other purposes	228,382	-	228,382
Unrestricted (Deficit)	(177,500)	2,444,789	2,267,289
Total net position	\$ 131,444	\$ 2,444,789	\$ 2,576,233

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2015*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General government	\$ 363,124	\$ 1,506	\$ -	\$ (361,618)	\$ -	\$ (361,618)
Security of persons and property	402,702	547	1,000	(401,155)	-	(401,155)
Public health services	5,886	-	-	(5,886)	-	(5,886)
Leisure time activities	94,954	14,394	9,037	(71,523)	-	(71,523)
Community environment	10,236	-	-	(10,236)	-	(10,236)
Transportation	104,166	-	117,373	13,207	-	13,207
Capital outlay	299,280	-	-	(299,280)	-	(299,280)
Debt service:						
Principal retirement	446,243	-	-	(446,243)	-	(446,243)
Interest and fiscal charges	53,738	-	-	(53,738)	-	(53,738)
<b>Total governmental activities</b>	<b>1,780,329</b>	<b>16,447</b>	<b>127,410</b>	<b>(1,636,472)</b>	<b>-</b>	<b>(1,636,472)</b>
<b>Business Type Activities</b>						
Water	781,432	734,424	-	-	(47,008)	(47,008)
Sanitary Sewer	350,621	324,289	-	-	(26,332)	(26,332)
Electric	1,906,902	1,986,214	-	-	79,312	79,312
Utilities Deposit	1,802	3,370	-	-	1,568	1,568
Garbage and Trash Removal	135,767	135,540	-	-	(227)	(227)
<b>Total business-type activities</b>	<b>3,176,524</b>	<b>3,183,837</b>	<b>-</b>	<b>-</b>	<b>7,313</b>	<b>7,313</b>
<b>Total primary government</b>	<b>\$ 4,956,853</b>	<b>\$ 3,200,284</b>	<b>\$ 127,410</b>	<b>(1,636,472)</b>	<b>7,313</b>	<b>(1,629,159)</b>
<b>General Receipts:</b>						
Municipal income taxes levied for:						
General purposes				786,348	-	786,348
Property taxes levied for:						
General purposes				135,855	-	135,855
Leisure time activities				59,949	-	59,949
Grants and entitlements not restricted						
to specific programs				46,118	-	46,118
Cable franchise fees				12,178	-	12,178
Other debt proceeds				-	168,477	168,477
Earnings on investments				7,338	-	7,338
Miscellaneous				62,823	-	62,823
Transfers				306,630	(306,630)	-
<b>Total general receipts and transfers</b>				<b>1,417,239</b>	<b>(138,153)</b>	<b>1,279,086</b>
<b>Change in net position</b>				<b>(219,233)</b>	<b>(130,840)</b>	<b>(350,073)</b>
<b>Net position beginning of year</b>				<b>350,677</b>	<b>2,575,629</b>	<b>2,926,306</b>
<b>Net position end of year</b>				<b>\$ 131,444</b>	<b>\$ 2,444,789</b>	<b>\$ 2,576,233</b>



**Village of Genoa  
Ottawa County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	<u>General</u>	<u>Generation Substation Debt</u>	<u>Capital Improvements</u>	<u>Permissive Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ (251,597)	\$ (9,942)	\$ 18,880	\$ 145,504	\$ 228,599	\$ 131,444
<b>Fund Balances</b>						
Restricted	-	-	-	145,504	163,440	308,944
Committed	-	-	-	-	46,920	46,920
Assigned	-	-	-	-	21,333	21,333
Unassigned (Deficit)	(251,597)	(9,942)	18,880	-	(3,094)	(245,753)
 Total fund balances	 \$ (251,597)	 \$ (9,942)	 \$ 18,880	 \$ 145,504	 \$ 228,599	 \$ 131,444

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2015*

	General	Generation Substation Debt	Capital Improvements	Permissive Tax	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal income taxes	\$ 786,348	\$ -	\$ -	\$ -	\$ -	\$ 786,348
Property and other local taxes	135,855	-	-	-	59,949	195,804
Charges for services	-	-	-	-	505	505
Fines, licenses and permits	2,053	-	-	-	13,889	15,942
Intergovernmental	46,118	-	-	6,310	118,778	171,206
Cable franchise fees	12,178	-	-	-	-	12,178
Gifts and contributions	-	-	-	-	477	477
Earnings on investments	7,338	-	-	452	394	8,184
Miscellaneous	61,530	-	-	-	2,292	63,822
<b>Total receipts</b>	<b>1,051,420</b>	<b>-</b>	<b>-</b>	<b>6,762</b>	<b>196,284</b>	<b>1,254,466</b>
<b>Disbursements</b>						
Current:						
General government	363,124	-	-	-	-	363,124
Security of persons and property	402,702	-	-	-	-	402,702
Public health services	5,886	-	-	-	-	5,886
Leisure time activities	7,992	-	-	-	86,962	94,954
Community environment	10,236	-	-	-	-	10,236
Transportation	-	-	-	-	104,166	104,166
Capital outlay	39,759	-	196,358	-	63,163	299,280
Debt service:						
Principal retirement	-	364,070	-	-	82,173	446,243
Interest and fiscal charges	-	36,850	-	-	16,888	53,738
<b>Total disbursements</b>	<b>829,699</b>	<b>400,920</b>	<b>196,358</b>	<b>-</b>	<b>353,352</b>	<b>1,780,329</b>
Excess of receipts over (under) disbursements	221,721	(400,920)	(196,358)	6,762	(157,068)	(525,863)
<b>Other financing sources (uses)</b>						
Transfers in	-	390,000	250,488	-	129,800	770,288
Transfers out	(417,158)	-	(45,000)	-	(1,500)	(463,658)
<b>Total other financing sources (uses)</b>	<b>(417,158)</b>	<b>390,000</b>	<b>205,488</b>	<b>-</b>	<b>128,300</b>	<b>306,630</b>
Net change in fund balance	(195,437)	(10,920)	9,130	6,762	(28,768)	(219,233)
Fund balances beginning of year	(56,160)	978	9,750	138,742	257,367	350,677
Fund balances end of year	<u>\$ (251,597)</u>	<u>\$ (9,942)</u>	<u>\$ 18,880</u>	<u>\$ 145,504</u>	<u>\$ 228,599</u>	<u>\$ 131,444</u>

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal income taxes	\$ 831,000	\$ 831,000	\$ 786,348	\$ (44,652)
Property and other local taxes	285,000	285,000	135,855	(149,145)
Fines, licenses and permits	11,700	11,700	2,053	(9,647)
Intergovernmental	59,650	59,650	46,118	(13,532)
Cable franchise fees	16,000	16,000	12,178	(3,822)
Earnings on investments	20,000	20,000	7,338	(12,662)
Miscellaneous	1,000	1,000	61,530	60,530
Total receipts	<u>1,224,350</u>	<u>1,224,350</u>	<u>1,051,420</u>	<u>(172,930)</u>
<b>Disbursements</b>				
Current:				
General government	633,550	633,550	363,124	270,426
Security of persons and property	498,000	498,000	402,702	95,298
Public health services	8,000	8,000	5,886	2,114
Leisure time activities	12,000	12,000	7,992	4,008
Community environment	14,000	14,000	10,236	3,764
Capital outlay	55,500	90,500	39,759	50,741
Total disbursements	<u>1,221,050</u>	<u>1,256,050</u>	<u>829,699</u>	<u>426,351</u>
Excess of receipts over (under) disbursements	3,300	(31,700)	221,721	253,421
<b>Other financing sources (uses)</b>				
Transfers in	616,117	616,117	-	(616,117)
Transfers out	(581,117)	(581,117)	(417,158)	163,959
Other financing sources	37,000	37,000	-	(37,000)
Total other financing sources (uses)	<u>72,000</u>	<u>72,000</u>	<u>(417,158)</u>	<u>(489,158)</u>
Net change in fund balance	75,300	40,300	(195,437)	(235,737)
Unencumbered fund balance at beginning of year	(65,865)	(65,865)	(65,865)	-
Prior year encumbrances appropriated	9,705	9,705	9,705	-
Fund balance at end of year	<u>\$ 19,140</u>	<u>\$ (15,860)</u>	<u>\$ (251,597)</u>	<u>\$ (235,737)</u>

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Permissive Tax Fund  
For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 4,500	\$ 4,500	\$ 6,310	\$ 1,810
Interest	500	500	452	(48)
Total receipts	5,000	5,000	6,762	1,762
<b>Disbursements</b>				
Current:				
Capital outlay	30,000	30,000	-	30,000
Net change in fund balance	(25,000)	(25,000)	6,762	31,762
Fund balance at beginning of year	138,742	138,742	138,742	-
Fund balance at end of year	\$ 113,742	\$ 113,742	\$ 145,504	\$ 31,762

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2015*

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>					
Equity in pooled cash and cash equivalents	<u>\$ 1,189,576</u>	<u>\$ 28,816</u>	<u>\$ 1,111,906</u>	<u>\$ 114,491</u>	<u>\$ 2,444,789</u>
<b>Net position</b>					
Unrestricted	<u>\$ 1,189,576</u>	<u>\$ 28,816</u>	<u>\$ 1,111,906</u>	<u>\$ 114,491</u>	<u>\$ 2,444,789</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Operating Receipts</b>					
Charges for services	\$ 723,935	\$ 320,585	\$ 1,979,621	\$ 135,534	\$ 3,159,675
Other operating receipts	10,489	3,704	6,593	3,376	24,162
Total operating receipts	<u>734,424</u>	<u>324,289</u>	<u>1,986,214</u>	<u>138,910</u>	<u>3,183,837</u>
<b>Operating Disbursements</b>					
Personal services	107,487	94,115	171,614	3,998	377,214
Employee fringe benefits	77,376	70,622	106,392	1,289	255,679
Travel and transportation	459	270	2,451	-	3,180
Purchased services	314,547	-	1,271,331	-	1,585,878
Contractual services	86,715	80,031	160,607	130,441	457,794
Supplies and materials	41,109	29,974	61,334	-	132,417
Miscellaneous	515	39	161	1,841	2,556
Total operating disbursements	<u>628,208</u>	<u>275,051</u>	<u>1,773,890</u>	<u>137,569</u>	<u>2,814,718</u>
Operating income	106,216	49,238	212,324	1,341	369,119
<b>Non-operating receipts (disbursements)</b>					
Other debt proceeds	50,584	50,584	67,309	-	168,477
Capital outlay	(71,974)	(56,776)	(67,309)	-	(196,059)
Principal retirement	(70,000)	(17,632)	(61,404)	-	(149,036)
Interest and fiscal charges	(11,250)	(1,162)	(4,299)	-	(16,711)
Total non-operating receipts and disbursements	<u>(102,640)</u>	<u>(24,986)</u>	<u>(65,703)</u>	<u>-</u>	<u>(193,329)</u>
Income before transfers	3,576	24,252	146,621	1,341	175,790
Transfers in	-	-	166,670	-	166,670
Transfers out	(53,500)	(4,800)	(415,000)	-	(473,300)
Change in net position	(49,924)	19,452	(101,709)	1,341	(130,840)
Net position beginning of year	<u>1,239,500</u>	<u>9,364</u>	<u>1,213,615</u>	<u>113,150</u>	<u>2,575,629</u>
Net position end of year	<u>\$ 1,189,576</u>	<u>\$ 28,816</u>	<u>\$ 1,111,906</u>	<u>\$ 114,491</u>	<u>\$ 2,444,789</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in pooled cash and cash equivalents	\$ 350,677	\$ 2,575,629	\$ 2,926,306
<b>Net Position</b>			
Restricted for:			
Capital projects	23,096	-	23,096
Debt service	12,118	-	12,118
Other purposes	293,263	-	293,263
Unrestricted	22,200	2,575,629	2,597,829
Total net position	\$ 350,677	\$ 2,575,629	\$ 2,926,306

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2014

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 342,156	\$ 5,566	\$ -	\$ -	\$ (336,590)	\$ -	\$ (336,590)
Security of persons and property	432,831	310	-	-	(432,521)	-	(432,521)
Public health services	5,704	-	-	-	(5,704)	-	(5,704)
Leisure time activities	87,184	11,775	8,632	-	(66,777)	-	(66,777)
Community environment	9,243	-	-	-	(9,243)	-	(9,243)
Transportation	82,168	-	164,878	147,800	230,510	-	230,510
Capital outlay	507,497	-	-	-	(507,497)	-	(507,497)
Debt service:							
Principal retirement	280,468	-	-	-	(280,468)	-	(280,468)
Interest and fiscal charges	186,634	-	-	-	(186,634)	-	(186,634)
<b>Total governmental activities</b>	<b>1,933,885</b>	<b>17,651</b>	<b>173,510</b>	<b>147,800</b>	<b>(1,594,924)</b>	<b>-</b>	<b>(1,594,924)</b>
<b>Business Type Activities</b>							
Water	650,482	744,885	-	-	-	94,403	94,403
Sanitary Sewer	343,878	326,915	-	-	-	(16,963)	(16,963)
Electric	1,764,112	1,978,697	-	-	-	214,585	214,585
Utilities Deposit	2,360	(8,251)	-	-	-	(10,611)	(10,611)
Garbage and Trash Removal	133,276	140,094	-	-	-	6,818	6,818
<b>Total business-type activities</b>	<b>2,894,108</b>	<b>3,182,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>288,232</b>	<b>288,232</b>
<b>Total primary government</b>	<b>\$ 4,827,993</b>	<b>\$ 3,199,991</b>	<b>\$ 173,510</b>	<b>\$ 147,800</b>	<b>(1,594,924)</b>	<b>288,232</b>	<b>(1,306,692)</b>
<b>General Receipts:</b>							
Municipal income taxes levied for:							
General purposes					781,443	-	781,443
Property taxes levied for:							
General purposes					136,786	-	136,786
Leisure time activities					64,124	-	64,124
Grants and entitlements not restricted to specific programs					48,654	-	48,654
Cable franchise fees					12,027	-	12,027
OPWC loan issued					7,841	-	7,841
Interest					10,323	257	10,580
Miscellaneous					28,447	-	28,447
Transfers					384,833	(384,833)	-
<b>Total general receipts and transfers</b>					<b>1,474,478</b>	<b>(384,576)</b>	<b>1,089,902</b>
Change in net position					(120,446)	(96,344)	(216,790)
Net position beginning of year (restated)					471,123	2,671,973	3,143,096
Net position end of year					<b>\$ 350,677</b>	<b>\$ 2,575,629</b>	<b>\$ 2,926,306</b>

See accompanying notes to the financial statements.



**Village of Genoa  
Ottawa County**  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2014

	General	Generation Substation Debt	Capital Improvements	Permissive Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in pooled cash and cash equivalents	\$ (56,160)	\$ 978	\$ 9,750	\$ 138,742	\$ 257,367	\$ 350,677
<b>Fund Balances</b>						
Restricted	-	978	-	138,742	188,757	328,477
Unassigned (Deficit)	(56,160)	-	9,750	-	68,610	22,200
Total fund balances	\$ (56,160)	\$ 978	\$ 9,750	\$ 138,742	\$ 257,367	\$ 350,677

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2014*

	General	Generation Substation Debt	Capital Improvements	Permissive Tax	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal income taxes	\$ 781,443	\$ -	\$ -	\$ -	\$ -	\$ 781,443
Property and other local taxes	136,786	-	-	-	64,124	200,910
Charges for services	-	-	-	-	725	725
Fines, licenses and permits	6,586	-	-	-	11,050	17,636
Intergovernmental	48,654	-	5,336	56,049	259,018	369,057
Cable franchise fees	12,027	-	-	-	-	12,027
Interest	10,323	-	-	472	435	11,230
Miscellaneous	24,914	-	-	-	2,822	27,736
<b>Total receipts</b>	<b>1,020,733</b>	<b>-</b>	<b>5,336</b>	<b>56,521</b>	<b>338,174</b>	<b>1,420,764</b>
<b>Disbursements</b>						
Current:						
General government	340,546	-	-	-	1,610	342,156
Security of persons and property	432,831	-	-	-	-	432,831
Public health services	5,704	-	-	-	-	5,704
Leisure time activities	-	-	-	-	87,184	87,184
Community environment	9,243	-	-	-	-	9,243
Transportation	-	-	-	-	82,168	82,168
Capital outlay	-	-	346,320	-	161,177	507,497
Debt service:						
Principal retirement	-	232,158	-	-	48,310	280,468
Interest and fiscal charges	-	169,094	-	-	17,540	186,634
<b>Total disbursements</b>	<b>788,324</b>	<b>401,252</b>	<b>346,320</b>	<b>-</b>	<b>397,989</b>	<b>1,933,885</b>
Excess of receipts over (under) disbursements	232,409	(401,252)	(340,984)	56,521	(59,815)	(513,121)
<b>Other financing sources (uses)</b>						
Other debt issued	-	-	-	-	7,841	7,841
Transfers in	-	402,000	248,908	-	78,000	728,908
Transfers out	(321,575)	-	(22,500)	-	-	(344,075)
<b>Total other financing sources (uses)</b>	<b>(321,575)</b>	<b>402,000</b>	<b>226,408</b>	<b>-</b>	<b>85,841</b>	<b>392,674</b>
Net change in fund balance	(89,166)	748	(114,576)	56,521	26,026	(120,447)
Fund balances beginning of year (restated)	33,006	230	124,326	82,221	231,341	471,124
Fund balances end of year	<u>\$ (56,160)</u>	<u>\$ 978</u>	<u>\$ 9,750</u>	<u>\$ 138,742</u>	<u>\$ 257,367</u>	<u>\$ 350,677</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal income taxes	\$ 805,000	\$ 805,000	\$ 781,443	\$ (23,557)
Property and other local taxes	285,000	285,000	136,786	(148,214)
Fines, licenses and permits	6,200	6,200	6,586	386
Intergovernmental	59,650	59,650	48,654	(10,996)
Cable franchise fees	14,000	14,000	12,027	(1,973)
Interest	15,000	15,000	10,323	(4,677)
Miscellaneous	40,500	40,500	24,914	(15,586)
Total receipts	<u>1,225,350</u>	<u>1,225,350</u>	<u>1,020,733</u>	<u>(204,617)</u>
<b>Disbursements</b>				
Current:				
General government	636,094	636,094	343,369	292,725
Security of persons and property	498,000	498,000	432,831	65,169
Public health services	8,000	8,000	5,704	2,296
Community environment	26,000	26,000	9,243	16,757
Capital outlay	71,000	71,000	-	71,000
Total disbursements	<u>1,239,094</u>	<u>1,239,094</u>	<u>791,147</u>	<u>447,947</u>
Excess of receipts over (under) disbursements	(13,744)	(13,744)	229,586	243,330
<b>Other financing sources (uses)</b>				
Transfers in	616,118	616,118	-	(616,118)
Transfers out	(581,118)	(581,118)	(321,575)	259,543
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>(321,575)</u>	<u>(356,575)</u>
Net change in fund balance	21,256	21,256	(91,989)	(113,245)
Unencumbered fund balance at beginning of year	23,080	23,080	23,080	-
Prior year encumbrances appropriated	3,044	3,044	3,044	-
Fund balance at end of year	<u>\$ 47,380</u>	<u>\$ 47,380</u>	<u>\$ (65,865)</u>	<u>\$ (113,245)</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Permissive Tax Fund*  
*For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 4,500	\$ 4,500	\$ 56,049	\$ 51,549
Interest	500	500	472	(28)
Total receipts	<u>5,000</u>	<u>5,000</u>	<u>56,521</u>	<u>51,521</u>
<b>Disbursements</b>				
Current:				
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	(25,000)	(25,000)	56,521	81,521
Fund balance at beginning of year	<u>82,221</u>	<u>82,221</u>	<u>82,221</u>	<u>-</u>
Fund balance at end of year	<u>\$ 57,221</u>	<u>\$ 57,221</u>	<u>\$ 138,742</u>	<u>\$ 81,521</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2014*

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>					
Equity in pooled cash and cash equivalents	<u>\$ 1,239,500</u>	<u>\$ 9,364</u>	<u>\$ 1,213,615</u>	<u>\$ 113,150</u>	<u>\$ 2,575,629</u>
<b>Net position</b>					
Unrestricted	<u>\$ 1,239,500</u>	<u>\$ 9,364</u>	<u>\$ 1,213,615</u>	<u>\$ 113,150</u>	<u>\$ 2,575,629</u>

See accompanying notes to the financial statements.

**Village of Genoa  
Ottawa County**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2014*

	Water	Sewer	Electric	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>					
Charges for services	\$ 740,876	\$ 322,423	\$ 1,955,899	\$ 128,712	\$ 3,147,910
Other operating receipts	4,009	4,492	22,798	3,131	34,430
Total operating receipts	<u>744,885</u>	<u>326,915</u>	<u>1,978,697</u>	<u>131,843</u>	<u>3,182,340</u>
<b>Operating Disbursements</b>					
Personal services	142,129	125,662	167,028	4,646	439,465
Employee fringe benefits	66,321	63,408	94,851	1,015	225,595
Travel and transportation	85	-	2,214	-	2,299
Contractual services	31,908	24,660	1,319,034	126,358	1,501,960
Supplies and materials	265,710	9,481	91,741	-	366,932
Miscellaneous	51,568	61,317	347	3,617	116,849
Total operating disbursements	<u>557,721</u>	<u>284,528</u>	<u>1,675,215</u>	<u>135,636</u>	<u>2,653,100</u>
Operating income (loss)	187,164	42,387	303,482	(3,793)	529,240
<b>Non-operating receipts (disbursements)</b>					
Interest income	-	-	257	-	257
Capital outlay	(8,011)	(21,761)	(9,131)	-	(38,903)
Principal retirement	(70,000)	(34,179)	(72,189)	-	(176,368)
Interest and fiscal charges	(14,750)	(3,410)	(7,577)	-	(25,737)
Total non-operating receipts and disbursements	<u>(92,761)</u>	<u>(59,350)</u>	<u>(88,640)</u>	<u>-</u>	<u>(240,751)</u>
Income (loss) before transfers	94,403	(16,963)	214,842	(3,793)	288,489
Transfers in	-	-	62,667	-	62,667
Transfers out	(45,500)	-	(402,000)	-	(447,500)
Change in net position	48,903	(16,963)	(124,491)	(3,793)	(96,344)
Net position beginning of year (restated)	<u>1,190,597</u>	<u>26,327</u>	<u>1,338,106</u>	<u>116,943</u>	<u>2,671,973</u>
Net position end of year	<u>\$ 1,239,500</u>	<u>\$ 9,364</u>	<u>\$ 1,213,615</u>	<u>\$ 113,150</u>	<u>\$ 2,575,629</u>

See accompanying notes to the financial statements.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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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 operates under a council/mayor form of government. Elected officials include six council members and a mayor.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that 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 provides the following services to its citizens: police protection, parks and recreation, building inspection, street maintenance and repairs, water, sewer, electric and refuse collection. Council has direct responsibility for these services.

***Joint Ventures and Public Entity Risk Pool***

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village 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). The Village 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). For more information on joint ventures see Note 13.

The Village also participates in a public risk entity pool. More information on the Public Entities Pool of Ohio is presented in Note 9 of the financial statements.

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

**Note 2 – Summary of Significant Accounting Policies**

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

***Basis of Presentation***

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

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

*Government-Wide Financial Statements*

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. 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.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type 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 function or business-type activity 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 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 nonoperating 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 nonoperating.

***Fund Accounting***

The Village uses fund accounting 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* - 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.



**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

Permissive Tax Fund - The permissive tax fund accounts for and reports intergovernmental receipts for the purpose of completing repair and construction projects as approved by the County Engineer.

Generation Substation Fund - The generation 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.

*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 Village's major enterprise funds are the water, sewer, and electric 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 sanitary sewer services to the residents and commercial users within the Village.

Electric Fund - This fund is used to record user charges for the costs of providing electric service to Village residents and businesses.

***Basis of Accounting***

The Village's financial statements are prepared using the cash basis of accounting. 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.

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.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

***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 the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established 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 Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriation were passed by the 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 appropriations 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 the Village Council during the year.

***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 2015 and 2014, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 and 2014 were \$7,338 and \$10,323, respectively, all of which was assigned from other Village funds.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

***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 imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets.

***Inventory and Prepaid Items***

The Village reports disbursements for inventories 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.

***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.

***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 10 and 11, 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 or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources 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:

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

***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. It also includes the long-term amount of interfund loans.

***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.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) 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, as both are equally binding) 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 the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

***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.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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

***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 nonoperating 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 – Accountability and Compliance**

***Accountability***

The Village had a deficit fund balance of (\$56,160) in the General Fund at December 31, 2014 and deficit fund balances of (\$251,597), (\$9,942) and (\$3,094) in the General Fund, Generation Substation Debt Fund, and Parks and Recreation Fund, respectively, at December 31, 2015. The Village has taken steps to allocate expenses more accurately to funds instead of posting all expenses to the General Fund and to more accurately budget funds to assist in planning for estimated receipts and expected expenditures. Additionally, the Village has started collection proceedings for delinquent taxpayers and utility accounts to increase Village revenues.

***Compliance***

The Village also made transfers contrary to the provisions of Ohio Rev. Code § 5705.14 during the year ended December 31, 2015. The Fiscal Officer has taken steps to ensure all transfers are made in accordance with Ohio Rev. Code requirements.

The Village did not meet AMP Ohio JV5 debt covenant revenue coverage requirements. As indicated above, the Village has started collection proceedings from delinquent utility accounts to increase Village revenues.

**Village of Genoa  
Ottawa County**

Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

**Note 4 - 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:

<b>2015</b>		Generator Substation Debt	Capital Improvements	Permissive Tax	Other Governmental Funds	Total Governmental Funds
Fund Balances	<u>General</u>	<u>Debt</u>	<u>Improvements</u>	<u>Tax</u>	<u>Funds</u>	<u>Funds</u>
<u>Restricted for</u>						
Street and highway repair	\$ -	\$ -	\$ -	\$ 145,504	\$ 128,306	\$ 273,810
Tree memorial	-	-	-	-	1,492	1,492
Debt service	-	-	-	-	11,169	11,169
Capital improvements	-	-	-	-	22,473	22,473
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,504</u>	<u>163,440</u>	<u>308,944</u>
<u>Committed</u>						
Permanent improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,920</u>	<u>46,920</u>
<u>Assigned</u>						
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,333</u>	<u>21,333</u>
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,333</u>	<u>21,333</u>
Unassigned (Deficit)	<u>(251,597)</u>	<u>(9,942)</u>	<u>18,880</u>	<u>-</u>	<u>(3,094)</u>	<u>(245,753)</u>
Total fund balances	<u>\$ (251,597)</u>	<u>\$ (9,942)</u>	<u>\$ 18,880</u>	<u>\$ 145,504</u>	<u>\$ 228,599</u>	<u>\$ 131,444</u>
<b>2014</b>		Generator Substation Debt	Capital Improvements	Permissive Tax	Other Governmental Funds	Total Governmental Funds
Fund Balances	<u>General</u>	<u>Debt</u>	<u>Improvements</u>	<u>Tax</u>	<u>Funds</u>	<u>Funds</u>
<u>Restricted for</u>						
Street and highway repair	\$ -	\$ -	\$ -	\$ 138,742	\$ 153,506	\$ 292,248
Tree memorial	-	-	-	-	1,015	1,015
Debt service	-	978	-	-	11,140	12,118
Capital improvements	-	-	-	-	23,096	23,096
Total restricted	<u>-</u>	<u>978</u>	<u>-</u>	<u>138,742</u>	<u>188,757</u>	<u>328,477</u>
Unassigned (Deficit)	<u>(56,160)</u>	<u>-</u>	<u>9,750</u>	<u>-</u>	<u>68,610</u>	<u>22,200</u>
Total fund balances	<u>\$ (56,160)</u>	<u>\$ 978</u>	<u>\$ 9,750</u>	<u>\$ 138,742</u>	<u>\$ 257,367</u>	<u>\$ 350,677</u>

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**Note 5 – 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 – Budget Basis presented for the general fund is 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 that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). For 2015, there were no outstanding encumbrances at year end (budgetary basis) for the general fund. For 2014, encumbrances of \$9,705 were outstanding at year end.

**Note 6 – Deposits**

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

*Active deposits* are public deposits determined to be necessary to meet current demands upon the Village treasury. Such 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 may 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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**Note 6 – Deposits (continued)**

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, the Village had \$400 in undeposited cash on hand, which is included on the Statement of Cash Basis Asset and Fund Balances of the Village as part of “Equity in Pooled Cash and Cash Equivalents” for 2015 and 2014.

***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 year end 2015 and 2014, none of the Village’s bank balance of \$2,880,919 and \$2,947,934 (including \$604,883 and \$604,883 in nonnegotiable certificates of deposit, respectively,) respectively, was exposed to custodial credit risk.

**Note 7 – Income Taxes**

The Village levies a 1.5 percent income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village. Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2015 and 2014, the receipts were allocated to the general and capital improvement funds.

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2015 for real and public utility property taxes represent collections of 2014 taxes. Property tax revenue received during 2014 for real and public utility property taxes represent collections of 2013 taxes.

2015 real property taxes are levied after October 1, 2015 on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected and intended to finance 2016. 2014 real property taxes are levied after October 1, 2014 on the assessed value as of January 1, 2014, the lien date. 2014 real property taxes are collected and intended to finance 2015.



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**Note 8 – Property Taxes (continued)**

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 personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015 and are collected in 2016 real property taxes. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014 and are collected in 2015 real property taxes.

The full tax rates for all Village operations for the years ended December 31, 2015 and 2014, were \$4.45 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2015 and 2014 property tax receipts were based are as follows:

	<u>2015</u> <u>Collection Year</u>	<u>2014</u> <u>Collection Year</u>
Real Property		
Residential and Agricultural	\$ 26,503,350	\$ 24,070,430
Commercial, industrial and minerals	8,300,780	8,202,910
Tangible Personal Property		
Public Utility Personal	<u>565,000</u>	<u>537,250</u>
Total Assessed Value	<u>\$ 35,369,130</u>	<u>\$ 32,810,590</u>

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 9 – 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. 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 York. 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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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**Note 9 – Risk Management (continued)**

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 auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool’s membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village’s share of these unpaid claims collectible in future years is approximately \$29,000.

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.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$42,370	\$46,767

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.

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**Note 10 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System (OPERS)***

Plan Description - Village employees, other than full-time police, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

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**Note 10 – Defined Benefit Pension Plans (continued)**

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
<b>2015 &amp; 2014 Statutory Maximum Contribution Rates</b>		
Employer	14.0	%
Employee	10.0	%
<b>2015 &amp; 2014 Actual Contribution Rates</b>		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
<b>Total Employer</b>	<b>14.0</b>	<b>%</b>
Employee	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village’s contractually required contributions for the years ended December 31, 2015, 2014, 2013, and 2012 were \$98,291, \$99,445, \$87,063, and \$66,296, respectively,. The full amount has been contributed for all years.

***Ohio Police & Fire Pension Fund (OPF)***

Plan Description – Village full-time police officers participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

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**Note 10 – Defined Benefit Pension Plans (continued)**

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	1/1/14 - 6/30/14		7/1/14 - 6/30/15		7/1/15 - 12/31/15	
	Police		Police		Police	
<b>Statutory Maximum Contribution Rates</b>						
Employer	19.50	%	19.50	%	19.50	%
Employee	10.75	%	11.50	%	12.25	%
<b>Actual Contribution Rates</b>						
Employer:						
Pension	19.00	%	19.00	%	19.00	%
Post-employment Health Care Benefits	0.50		0.50		0.50	
<b>Total Employer</b>	<b>19.50</b>	<b>%</b>	<b>19.50</b>	<b>%</b>	<b>19.50</b>	<b>%</b>
Employee	10.75	%	11.50	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF for the years ended December 31, 2015, 2014, 2013 and 2012 were \$35,599, \$32,117, \$35,183 and \$24,024, respectively. The full amount has been contributed for all years.

**Note 11 - Postemployment Benefits**

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***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (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. The Combined Plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, aged-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 and 2014, the Village contributed at a rate of 14.00% of earnable salary for state and local employees. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. For 2015 and 2014, the portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 2%. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2015, 2014, 2013 and 2012 were \$14,042, \$14,206, \$6,697 and \$26,518, respectively. All required contributions have been made.

**Note 11 - Postemployment Benefits (continued)**

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

***Ohio Police and Fire Pension Fund***

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

OP&F provides access post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or statutory survivor benefit 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 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 health care 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. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One fund is for health care benefits under an IRS Code Section 115 trust and one fund is for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the 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 into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll for 2015 and 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

**Note 11 - Postemployment Benefits (continued)**

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The Village's contributions to OP&F allocated to the health care plan for the years ending December 31, 2015, 2014, 2013 and 2012 were \$913, \$824, \$8,071 and \$12,718, respectively. All required contributions have been made for 2015, 2014, 2013 and 2012.

**Note 12 – Debt**

Debt Issue	Rate	Issue Amount	Date of Maturity
Ohio Public Works Commission (OPWC) Loans:			
Washington Street - CE05M	0.00%	\$ 24,332	July 1, 2030
Northwest Storm Sewer Phase 2 - CE29K	0.00%	157,962	January 1, 2039
Northwest Storm Sewer - CE31L	0.00%	211,790	January 1, 2030
Northwest Area Storm Sewer Phase 4 - CE31O	0.00%	222,891	July 1, 2032
NW Area Storm Sewer Improvements Phase 6 - CE31Q	0.00%	133,332	July 1, 2044
NW Storm Water Improvements Phase I - CE33J	0.00%	163,074	July 1, 2027
Northwest Area Storm Sewer Improvement Ph 5 - CE35P	0.00%	144,279	July 1, 2043
Ohio Water Development Authority (OWDA) Loans:			
Water Line Extension - 2009	6.32%	550,234	July 1, 2021
Water Line Extension Supplement - 2010	6.32%	10,963	July 1, 2021
Wastewater Lagoon Construction	6.58%	411,557	January 1, 2015
American Municipal Power:			
Generation/Substation Improvement Bonds	2.80%	5,720,000	December 31, 2027
KS State Bank Loan:			
Volvo Truck	2.90%	151,751	September 10, 2020
Mortgage Revenue Bond	5.00%	880,000	December 1, 2017
Omega JV 2	Variable	95,454	January 1, 2021
Omega JV 5	Variable	265,788	February 15, 2024

**Note 12 – Debt (continued)**



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The Village's long-term debt activity for the year ended December 31, 2015 was as follows:

<b>2015</b>	<u>Interest Rates</u>	<u>Balance at 1/1/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2015</u>
<b>Governmental Activities:</b>					
OPWC Loans	0%	\$ 892,004	\$ -	\$ (45,624)	\$ 846,380
OWDA Loans	3.92% - 6.32%	249,811	-	(29,471)	220,340
AMP Ohio	Variable	3,548,840	16,726	(364,070)	3,201,496
KS Bank Loan	2.90%	-	151,751	(7,078)	144,673
<b>Total Governmental Activities</b>		<u>\$ 4,690,655</u>	<u>\$ 168,477</u>	<u>\$ (446,243)</u>	<u>\$ 4,412,889</u>
<b>Business-Type Activities:</b>					
OWDA Loans	3.62%	\$ 17,633	\$ -	\$ (17,633)	\$ -
Mortgage Revenue Bonds	5.00%	225,000	-	(70,000)	155,000
JV2	Variable	22,683	-	(7,357)	15,326
JV5	Variable	397,988	-	(54,046)	343,942
<b>Total Business-Type Activities</b>		<u>\$ 663,304</u>	<u>\$ -</u>	<u>\$ (149,036)</u>	<u>\$ 514,268</u>
<b>2014</b>	<u>Interest Rates</u>	<u>Restated Balance at 1/1/2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2014</u>
<b>Governmental Activities:</b>					
OPWC Loans	0%	\$ 904,753	\$ 7,841	\$ (20,590)	\$ 892,004
OWDA Loans	3.92% - 6.32%	277,531	-	(27,720)	249,811
AMP Ohio	Variable	4,185,000	-	(636,160)	3,548,840
<b>Total Governmental Activities</b>		<u>\$ 5,367,284</u>	<u>\$ 7,841</u>	<u>\$ (684,470)</u>	<u>\$ 4,690,655</u>
<b>Business-Type Activities:</b>					
OWDA Loans	3.62%	\$ 51,812	\$ -	\$ (34,179)	\$ 17,633
Mortgage Revenue Bonds	5.00%	295,000	-	(70,000)	225,000
JV 2	Variable	29,938	-	(7,255)	22,683
JV 5	Variable	462,922	-	(64,934)	397,988
<b>Total Business-Type Activities</b>		<u>\$ 839,672</u>	<u>\$ -</u>	<u>\$ (176,368)</u>	<u>\$ 663,304</u>

The December 31, 2013 notes to the basic financial statements omitted the activity for JV2 and JV5. The 2014 table above has been restated to properly reflect the January 1, 2014 balances for JV2 and JV5.

Also during 2013, OPWC loans were understated by \$18,556. The 2014 table above reflects the proper January 1, 2014 balance.

During 2014 the Village was the recipient of a \$404,200 credit to the outstanding balance of the 2004 bonds from an AMP Ohio Trust Fund. This transaction has been included as a decrease in the 2014 table above; however this credit is not included as part of the principal disbursement amount report in the accompanying basic financial statements.

**Village of Genoa**  
**Ottawa County**  
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The Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant and waterline improvement. The American Municipal Power (AMP) Electric System Bonds relate to the construction and improvements of substations, electrical upgrades and electric generators which are used in the Village of 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. These loans and bonds are being repaid from user charges.

In 2011, the AMP bonds were called and were placed on AMP's revolving line of credit which has a variable interest rate. AMP has not developed an amortization schedule for this revolving loan due to the variable interest rate. The Village pays a fixed amount each month and the amount charged to principal varies. Accordingly, the bonds are not included in the schedule below.

The Omega JV2 and JV5 loans relate to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture 2 (OMEGA JV2) and Joint Venture 5 (OMEGA JV5). OMEGA JV2 and OMEGA JV5 are distributive generation projects. The interest rates for OMEGA JV2 and OMEGA JV5 vary. Accordingly, no amortization schedules are available and the loans are not included in the schedule below.

The Ohio Public Works Commission loans were for sewer system and street repairs. These loans are being repaid from capital projects funds.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2015 are as follows:

Year Ending December 31:	OPWC	OWDA Loans		KS Bank Loan		Mortgage Revenue Bonds	
	Loans Principal	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 45,623	\$ 31,335	\$ 13,925	\$ 28,830	\$ 3,884	\$ 75,000	\$ 7,750
2017	45,623	33,315	11,945	29,675	3,039	80,000	4,000
2018	45,623	35,420	9,840	30,545	2,169	-	-
2019	45,623	37,660	7,601	31,440	1,273	-	-
2020	45,623	40,039	5,221	24,183	352	-	-
2021 - 2025	228,117	42,571	2,690	-	-	-	-
2026 - 2030	198,361	-	-	-	-	-	-
2031 - 2035	94,885	-	-	-	-	-	-
2036 - 2040	64,697	-	-	-	-	-	-
2041 - 2045	32,205	-	-	-	-	-	-
<b>Total</b>	<b>\$ 846,380</b>	<b>\$ 220,340</b>	<b>\$ 51,222</b>	<b>\$ 144,673</b>	<b>\$ 10,717</b>	<b>\$ 155,000</b>	<b>\$ 11,750</b>

The Ohio Rev. 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 Ohio Rev. Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Note 13 – Joint Ventures**

**Village of Genoa**  
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***OMEGA JV2***

The Village 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, 2015 the Village has met its 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, 2015, the outstanding debt was \$8,052,470. The Village's net obligation for this amount at December 31, 2015 was \$15,300. The Village's net investment in OMEGA JV2 was \$24,619 at December 31, 2015. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**Village of Genoa**  
**Ottawa County**  
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**Note 13 – Joint Ventures (continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2015 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>

**OMEGA JV5**

The Village 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.

**Village of Genoa**  
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For the Years Ended December 31, 2015 and 2014

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**Note 13 – Joint Ventures (continued)**

Also 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, 2015 and 2014 the Village has not met its 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. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187.\* AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$20,616 at December 31, 2015.

Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

\* Subsequent to year end, on January 19, 2016, OMEGA JV5 issued the Beneficial Interest Refunding Certificates, Series 2016 (the "2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**Note 14 - AMP Generating Station (AMPGS) Project**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,638 kilowatts of a total 771,281 kilowatts, giving the Village a 0.21 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$283,643. The Village received a credit of \$99,402 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$74,078 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$110,163. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. Since March 31, 2014 the Village has made payments of \$14,688 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,177 and interest expense incurred on AMP's line-of-credit of \$1,463, resulting in a net impaired cost estimate at December 31, 2015 of \$99,115.

The Village intends to recover these costs and repay AMP over the next 6 years through a power cost adjustment.

**Note 15 - Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village is not currently defendant in any lawsuits.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

**Note 16 - Interfund Transfers**

Interfund transfers for the year ended December 31, 2015 consisted of the following:

<b>Transfers To</b>	<b>Transfers From</b>						<b>Total</b>
	General	Capital Improvements	Other Governmental Funds	Water Fund	Sewer Fund	Electric Fund	
Generator Substation Debt Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,000	\$ 390,000
Capital Improvements Fund	250,488	-	-	-	-	-	250,488
Other Governmental Funds	-	45,000	1,500	53,500	4,800	25,000	129,800
Electric Fund	166,670	-	-	-	-	-	166,670
<b>Total</b>	<b>\$ 417,158</b>	<b>\$ 45,000</b>	<b>\$ 1,500</b>	<b>\$ 53,500</b>	<b>\$ 4,800</b>	<b>\$ 415,000</b>	<b>\$ 936,958</b>

Interfund transfers for the year ended December 31, 2014 consisted of the following:

<b>Transfers To</b>	<b>Transfers From</b>				<b>Total</b>
	General	Capital Improvements	Water Fund	Electric Fund	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Generator Substation Debt Fund	-	-	-	402,000	402,000
Capital Improvements Fund	248,908	-	-	-	248,908
Other Governmental Funds	10,000	22,500	45,500	-	78,000
Electric Fund	62,667	-	-	-	62,667
<b>Total</b>	<b>\$ 321,575</b>	<b>\$ 22,500</b>	<b>\$ 45,500</b>	<b>\$ 402,000</b>	<b>\$ 791,575</b>

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 17 – Miscellaneous Revenue**

In 2015, General Fund Miscellaneous Receipts consisted primarily of a Job and Family Services refund for overpayments.

**Note 18 – Accounting Change**

Beginning January 1, 2014, a portion of fund balance in the Electric Fund was adjusted to the Capital Improvements Fund to properly reflect a prior audit period adjustment. This adjustment had the following effect on fund balances previously reported for the year ended December 31, 2013.

**Village of Genoa**  
**Ottawa County**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2015 and 2014

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**Note 18 – Accounting Change (Continued)**

	<b>Capital Improvements Fund</b>	<b>Electric Fund</b>
Fund balance December 31, 2013	\$ 44,326	\$ 1,418,106
Prior audit period adjustment	80,000	(80,000)
Restated fund balance December 31, 2013	<u>\$ 124,326</u>	<u>\$ 1,338,106</u>

**Note 19 – Management Plan**

The Administrator, Mayor, Council, Fiscal Officer and department heads will continue directing a significant amount of time and energy toward making wise spending decisions within the budgeted appropriations. The Fiscal Officer will continue to focus on confirmation for all purchases, trimming costs through process improvements and continued spending restrictions for any purchases not directly aligned to the Village’s needs. During the 2014 and 2015 fiscal year, the Village remained current on all outstanding payables. Collection of past due income taxes has become a top priority for the Tax Administrator; some resulting in court action. This attempt has proven very successful. Council adopted legislation reallocating the distribution of the income tax money received. Council adopted legislation requiring the Kwh tax to be kept in the General Fund rather than transferred back into the Electric Fund. The Kwh tax has now been passed onto the resident. The Village has been reimbursed for three years of back personal property taxes paid to the County Auditor in error. Salary adjustments have been made accordingly per fund. The Village passed legislation to now report financial statements to the AOS on a cash basis rather than OCBOA. Daily expenses have been reviewed and drastically cut or eliminated completely. The Village was recently granted court approval to transfer \$100,000.00 into the general fund. The long-term objective is to build an unencumbered cash reserve equal to three months of core operating expenditures to meet ongoing cash flow requirements.





# Dave Yost • Auditor of State

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

Village of Genoa  
Ottawa County  
102 East 6<sup>th</sup> Street  
Genoa, Ohio 43430

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 24, 2017, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the Village restated their beginning fund balances to properly account for a prior audit period audit adjustment.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-002, 2015-004, and 2015-005.

***Village's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 24, 2017

VILLAGE OF GENOA  
OTTAWA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

**Material Weakness - Bank Reconciliations**

Timely bank reconciliations are a key internal control procedure and should be performed by the Village on a monthly basis and reviewed and approved by someone other than the preparer. The Village did not perform bank to book reconciliations during 2014 and/or for most of 2015. The bank reconciliations for the audit period were performed during October, November and December of 2015. The lack of a timely reconciliation could allow for misappropriation of assets and/or financial errors to occur and go undetected.

Strong monitoring practices of Village financial activities are the responsibility of the Fiscal Officer and Village Council and are essential to ensure proper financial reporting.

We recommend the Fiscal Officer reconcile all bank accounts to the accounting system in a timely manner. In this process all reconciling items and/or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to determine the source(s) of the error(s). All errors identified during the reconciliation process should be corrected on the Village's accounting system following the completion of the reconciliation. Additionally, the Village Council should review the monthly reconciliation, including agreement of reported amounts to underlying support (such as original bank statements, subsequent month redemption of checks, accounting system balances, etc.) as part of its review of monthly financial reports. Evidence of these reviews should be documented.

FINDING NUMBER 2015-002

**Noncompliance / Material Weakness**

**Ohio Rev. Code § 5705.14** provides that no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, except for as provided under various sections of Ohio Rev. Code § 5705.14.

**Ohio Rev. Code § 5705.14(D)** requires that the unexpended balance in any special fund, other than an improvement fund, existing in accordance with division (D), (F), or (G) of section 5705.09 or section 5705.12 of the Ohio Rev. Code, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.

The Village transferred \$94,000 during the year ended December 31, 2015 from the Electric Fund to the General Fund (\$52,000), Capital Improvements Fund (\$7,000) and the Sewer Fund (\$35,000). The Electric Fund's activity was not terminated during the year ended December 31, 2015. Therefore, the provisions of the Ohio Rev. Code do not allow for such transfers.

These errors were not identified and corrected prior to the Village preparing its basic financial statements due to deficiencies in the Village's internal controls over transfers. The accompanying basic financial statements and notes to the basic financial statements, and where applicable, the Village's accounting records have been adjusted to reflect these changes.

Transfers should only be made from allowable funds in accordance with the Ohio Rev. Code provisions outlined above.

## FINDING NUMBER 2015-003

### Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the basic financial statements and accompanying notes to the basic financial statements is complete and accurate.

We identified several errors requiring adjustment to the basic financial statements and/or notes to the basic financial statements for the year ended December 31, 2015, such as the following:

- Intrafund transfers in the amount of \$48,000 were removed from the General Fund in order to properly eliminate intrafund activity between the General and Income Tax funds for financial reporting purposes;
- Electric Fund charges for services receipts and transfers out and General Fund transfers out were decreased in the amount of \$66,670, while General Fund property and other local taxes were increased in the same amount to properly account for inside user kilowatt taxes;
- General Fund original budgeted receipts were decreased in the amount of \$1,522,495, final budgeted receipts were decreased in the amount of \$427,383, and original and final budgeted expenditures were increased in the amount of \$361,412 to bring amounts reported in the basic financial statements in line with authorized budget amounts, including elimination of intrafund budgeted amounts;
- Water Fund, Sewer Fund, and Electric Fund other debt proceeds and capital outlay disbursements were increased in the amounts of \$50,584, \$50,584, and \$50,583 to properly record a loan transaction;
- The notes to the basic financial statements incorrectly omitted AMP Ohio JV2 and JV5 debt activity; and
- Remaining Fund Information net position in the amounts of \$21,333 and \$46,920 were reclassified from restricted to assigned and from restricted to committed, respectively, in order to accurately reflect fund balance classification in accordance with Government Accounting Standards Board Statement No. 54.

We also identified errors requiring adjustment to the basic financial statements and/or notes to the basic financial statements for the year ended December 31, 2014 such as the following:

- Negative transfers out and negative transfers in, both in the amount of \$25,000, were removed from the basic financial statements in the General and Electric funds due to a lack of support and/or explanation;
- Electric Fund charges for services receipts and transfers out and General Fund transfers out were decreased in the amount of \$62,667 while General Fund property and other local taxes were increased in the same amount to properly account for inside user kilowatt taxes;
- General Fund original budgeted receipts were decreased in the amount of \$486,233, final budgeted receipts were decreased in the amount of \$461,844, and original and final budgeted expenditures were increased in the amount of \$386,662 to bring amounts reported in the basic financial statements in line with authorized budget amounts, including elimination of intrafund activity budgeted amounts;

**FINDING NUMBER 2015-003  
(Continued)**

- Generation Substation Fund interest and other fiscal charges in the amount of \$69,753 were incorrectly classified as principal disbursements;
- The Permissive Tax Fund was incorrectly omitted as a major fund. All financial activity has been reclassified from Remaining Fund Information to a major fund. This includes presentation of a budget vs. actual financial statement in the basic financial statements;
- The notes to the basic financial statements incorrectly omitted AMP Ohio JV2 and JV5 debt activity, including beginning balances at January 1, 2014 in the amounts of \$29,938 and \$462,922, respectively; and
- Remaining Fund Information net position in the amount of \$68,610 was reclassified from restricted to committed in order to accurately reflect fund balance classification in accordance with Government Accounting Standards Board Statement No. 54.

Additional errors were noted in smaller relative amounts for both years. These errors were not identified and corrected prior to the audit due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying basic financial statements and notes to the basic financial statements, and where applicable, the Village's accounting records have been adjusted to reflect these changes.

To help ensure the Village's basic financial statements and notes to the basic financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statement and notes by the Fiscal Officer, to identify and correct errors and omissions. The Fiscal Officer can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:

<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

Additionally, the Fiscal Officer can refer to the Village Officer's Handbook at the following website address for guidance on the recording of transactions:

<http://www.ohioauditor.gov/publications/FINALVillageOfficerHandbook%203-21-17.pdf>.

**FINDING NUMBER 2015-004**

**Noncompliance**

**Joint Venture Agreement Among the Municipalities Listed Regarding Ohio Municipal Electric Aggregation Agency Joint Venture 5 Belleville Hydroelectric Project dated January 1, 1993, Section 17 (A)** requires each participant to fix, charge, and collect rates, fees, and charges, and from time to time as often as shall be necessary, revise such rates, fees, and charges, for electric power and energy and other services, facilities and commodities sold, furnished, supplied or otherwise provided by its municipal electric system at least sufficient in each year to provide revenues equal to:

- (1) In the case of a Financing Participant, the greater of:
  - (a) the sum of (i) the O&M Expenses, including its share of Operating Expenses under this Joint Venture Agreement and (ii) 110% of the sum of the debt service on any outstanding senior lien electric system revenue obligations of the Participant and its share of Bond Debt Service Payments, payable in such Year; or

**FINDING NUMBER 2015-004  
 (Continued)**

- (b) the sum of (i) the O&M Expenses, including its share of Operating Expenses under this Joint Venture Agreement, (ii) its share of Bond Debt Service Payments, (iii) debt service on outstanding electric system revenue obligations of the participant, and (iv) all other amounts payable from such revenues including, without limitation, debt service on general obligator, or other tax supported debt incurred for purposes of the Participant's municipal electric utility system, and its share of Other Bond Payments and Other Required Payments, payable in such year.

The Village did not set rates sufficient to meet the revenue coverage requirements of this section for the years ended December 31, 2015 and December 31, 2014. The failure to meet the revenue coverage requirements could result in the Village being considered in default of the project agreement, resulting in project termination.

The Village should periodically review and assess its electric charges in order to establish collections in accordance with this agreement.

**FINDING NUMBER 2015-005**

**Non-compliance**

**Ohio Rev. Code § 5705.10(I)** provides that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit fund balance indicates money from another fund or funds was used to pay obligations of funds that carry the deficit fund balance.

The Village had the following negative fund balances at December 31:

<u>Fund</u>	<u>2015</u>	<u>2014</u>
<b>Major Funds:</b>		
General Fund	\$ (251,597)	\$ (56,150)
Generation Substation Fund	(9,942)	N/A
<b>Remaining Fund Information:</b>		
Parks and Recreation Fund	(3,094)	N/A

**Officials' Response:**

The Village of Genoa is aware of these impending control issues and have implemented new policies and procedures to ensure errors and omissions are not made in the future.

The Fiscal Officer furnishes monthly financial reports to Councilmembers, the Mayor and Village Administrator to provide additional oversight.

Village Finance, Audit and Investment Committees meet regularly to provide additional oversight as well.

We recommend the Village monitor fund balances to ensure that expenditures are made within appropriated levels of available funds. Additionally, the Village should research options to increase the General Fund balance.

**VILLAGE OF GENOA  
OTTAWA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Ohio Admin. Code § 117-2-02(A) and material weakness for errors in financial reporting.	Not corrected and reissued as part of Finding 2015-003 in this report.	Other debt proceeds and capital outlay disbursements were increased again to properly record a loan transaction for the purchase of a truck due to oversight on the part of the Village. Also see Officials' Response following Finding 2015-005 for management's planned corrective action.
2013-002	Ohio Rev. Code § 5705.14(F) for illegal transfers.	Not corrected and reissued as part of Finding 2015-002 in this report.	Illegal transfers were made again during the current audit due to the Village not transferring funds to and from allowable funds. Also see Officials' Response following Finding 2015-005 for management's planned corrective action.

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# Dave Yost • Auditor of State

VILLAGE OF GENOA

OTTAWA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 8, 2017