City of Geneva, Ohio

Basic Financial Statements
For the Year Ended December 31, 2016

Dave Yost • Auditor of State

Council Members
City of Geneva
44 North Forest Street
Geneva, Ohio 44041

We have reviewed the *Independent Auditor's Report* of the City of Geneva, Ashtabula County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

October 11, 2017

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Independent Auditor's Report

Members of City Council
City of Geneva, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Geneva, Ohio (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Community Improvement Corporation of Geneva which represents all of the balances and activity reported in the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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City of Geneva, Ohio

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Street Construction, Maintenance and Repair Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules of the City's proportionate share of the net pension liability (asset) and schedules of the City's contributions on pages 77 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 City's internal control over financial reporting and compliance.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 28, 2017

The management's discussion and analysis of the City of Geneva's (the "City") financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2016 are as follows:

- Total assets and deferred outflows of resources of the City were $38,565,441. Of this amount, $22,174,483 was attributable to governmental activities and $16,390,958 was from business-type activities.
- Total liabilities and deferred inflows or resources of the City were $15,555,963. Governmental activities accounted for $7,287,409, while business-type activities represented $8,268,554 of the total.
- Total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the year by $23,009,478, a $161,902 increase from the prior year.

Using this Annual Financial Report

This management's discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-Wide Financial Statements – Reporting the City of Geneva as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position presents information on all the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increase or decrease in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in property and municipal income tax laws, and the condition of the capital assets should also be considered. Both the Statement of Net Position and the Statement of Activities use the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Municipal income tax, state and county taxes, licenses, permits, and charges for services finance most of these activities.
- Business-type activities: the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's wastewater and water systems are reported here.

Fund Financial Statements – Reporting the City of Geneva's Most Significant Funds

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Geneva can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds.

The basic governmental fund financial statements can be found starting on page 17 of this report.

Proprietary Funds

The City of Geneva maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and water operations. The City does not maintain internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found starting on page 24 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The fiduciary fund financial statements can be found on page 28 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 29 of this report.

Government-Wide Financial Analysis – City of Geneva as a Whole

As noted earlier, the Statement of Net Position looks at the City as a whole and can prove to be a useful indicator of the City's financial position.

The Statement of Net Position and the Statement of Activities are divided into the following categories:

- Assets
- Deferred outflows of resources
- Liabilities
- Deferred inflows of resources
- Net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources)
- Program expenses and revenues
- General revenues
- Net position beginning and end of year

Table 1 provides a summary of the City's net position for 2016 as compared to 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	$ 3,789,136	$ 3,816,226	$ 2,306,363	$ 1,935,735	$ 6,095,499	$ 5,751,961
Capital assets, net	17,166,519	17,426,762	13,775,234	13,213,661	30,941,753	30,640,423
Net pension asset	4,047	3,081	2,260	1,703	6,307	4,784
Total assets	20,959,702	21,246,069	16,083,857	15,151,099	37,043,559	36,397,168
Deferred outflows of resources:						
Pension	1,214,781	453,696	307,101	96,577	1,521,882	550,273
Liabilities:						
Current liabilities	272,620	341,679	163,542	170,841	436,162	512,520
Long-term liabilities						
Due within one year	447,456	369,059	711,516	668,677	1,158,972	1,037,736
Due in more than one year	2,010,840	2,195,260	6,503,587	6,239,357	8,514,427	8,434,617
Net pension liability	4,142,908	3,184,484	764,497	536,517	4,907,405	3,721,001
Total liabilities	6,873,824	6,090,482	8,143,142	7,615,392	15,016,966	13,705,874
Deferred inflows of resources:						
Property taxes	368,759	366,058	-	-	368,759	366,058
Pension	44,826	17,988	20,674	9,945	65,500	27,933
Payments in lieu of taxes	-	-	104,738	-	104,738	-
Total deferred inflows of resources	413,585	384,046	125,412	9,945	538,997	393,991
Net position:						
Net investment in capital assets	14,914,654	15,042,625	6,649,766	6,363,388	21,564,420	21,406,013
Restricted for:						
Capital projects	14,255	79,227	-	-	14,255	79,227
Other purposes	896,351	772,943	-	-	896,351	772,943
Unrestricted	(938,186)	(669,558)	1,472,638	1,258,951	534,452	589,393
Total net position	$ 14,887,074	$ 15,225,237	$ 8,122,404	$ 7,622,339	$ 23,009,478	$ 22,847,576

During 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension and the net pension asset.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the City's statements prepared on the accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

As a result of implementing GASB 68, the City is reporting a net pension asset/liability and deferred outflows/inflows of resources related to pension on the accrual basis of accounting.

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $23,009,478 at the close of the most recent fiscal year, which indicates an increase in conditions over the prior year.

The largest portion of the City's net position (93.72 percent) reflects the investments in capital assets less any related debt to acquire those assets that is still outstanding. These capital assets are used to provide services to the City's citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets for 2016 increased $646,391 (1.78 percent) when compared to 2015. The increase in total assets was mainly due to the increase in capital project activity in the proprietary funds.

The City has tried to make concerted efforts to maximize the return on investments of its cash and cash equivalents and use these funds to provide liquidity for planned future capital purchases. However, even though the State code allows for investments with maturities of five years or less, the City has not invested in any instrument with a maturity of more than one year in compliance with the City's investment policy.

An additional portion of the City's net position (3.96 percent) represents resources that have been restricted on how they may be used. The remaining balance of unrestricted net position totaling $534,452 may be used to meet the government's on-going obligations to its citizens and creditors.

The net position of the City's business-type activities increased in 2016. The City generally can only use this net position to finance the continuing operations of the wastewater and water systems operations. The increase was mainly attributed to the increase in capital project activity in the proprietary funds.

In order to further understand what makes up the changes in net position for the current year, Table 2 provides further details regarding the results of activities for the current year.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	$ 604,244	$ 559,085	$ 2,941,870	$ 2,625,845	$ 3,546,114	$ 3,184,930
Operating grants and contributions	487,538	788,254	-	40,000	487,538	828,254
Capital grants and contributions	313,899	108,361	336,696	193,375	650,595	301,736
Total program revenues	1,405,681	1,455,700	3,242,314	2,859,220	4,647,995	4,314,920
General revenues:						
Property and other local taxes	470,521	491,871	-	-	470,521	491,871
Municipal income taxes	3,366,270	2,929,915	-	-	3,366,270	2,929,915
Cable franchise tax	50,996	82,334	-	-	50,996	82,334
Grants and entitlements not restricted to specific programs	244,505	357,661	-	-	244,505	357,661
Investment income	4,765	3,888	6,182	4,564	10,947	8,452
Miscellaneous income	86,373	317,363	-	-	86,373	317,363
Total general revenues	4,223,430	4,183,032	6,182	4,564	4,229,512	4,187,596
Total revenues	5,629,111	5,638,732	3,284,748	2,863,784	8,913,859	8,502,516
Program expenses:						
General government	1,526,039	1,441,491	-	-	1,526,039	1,441,491
Security of persons and property	2,554,415	2,223,063	-	-	2,554,415	2,223,063
Leisure time activities	183,172	183,226	-	-	183,172	183,226
Community development	371,261	338,547	-	-	371,261	338,547
Transportation	1,059,146	1,293,806	-	-	1,059,146	1,293,806
Interest and fiscal charges	72,241	80,820	-	-	72,241	80,820
Wastewater	-	-	1,346,531	1,005,756	1,346,531	1,005,756
Water	-	-	1,438,152	1,131,555	1,438,152	1,131,555
Total program expenses	5,766,274	5,560,953	2,784,683	2,137,311	8,550,957	7,698,264
Decrease (increase) in net position before transfers and special items	(137,163)	77,779	500,065	726,473	362,902	804,252
Transfers	-	(55,093)	-	55,093	-	-
Change in net position	(137,163)	22,686	500,065	781,566	362,902	804,252
Special item- write-off of receivable due from component unit	(201,000)	-	-	-	(201,000)	-
Change in net position	(338,163)	22,686	500,065	781,566	161,902	804,252
Net position at beginning of year	15,225,237	15,202,551	7,622,339	6,840,773	22,847,576	22,043,324
Net position at end of year	$ 14,887,074	$ 15,225,237	$ 8,122,404	$ 7,622,339	$ 23,009,478	$ 22,847,576

Governmental Activities

The City's largest revenue source is municipal income tax. The City levies a municipal income tax of 1.5 percent on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of one percent of the tax paid to another municipality.

Employers within the City are required to withhold municipal income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In 2016, City municipal income tax revenue recorded by the governmental activities was $3,366,270, which was an increase of 14.89 percent from 2015.

Property and other local taxes revenue recorded by the City for governmental activities is $470,521, which remained fairly consistent with the prior year. The full voted tax rate for 2016 was 8.7 mills. A mill is $1.00 for every $1,000 of assessed valuation. The annual property tax is calculated using the taxable value (market value multiplied by 35 percent) of the property effective tax rate levied by the City of Geneva.

Capital grants and contributions increased from the prior year due to an increase in donations received by the City from various organizations.

Expenses are categorized by programs. The largest program, security of persons and property which includes police, fire, and public safety was approximately 44.30 percent of governmental expenses and increased $331,352, or 14.91 percent, from the prior year. Training plays a crucial role in keeping up with rapidly changing laws, practices and technology. Training among our employees is performed in-house, attending seminars/conferences, continuing education classes, practice drills and watching training videos. The second largest program is general government which covers the daily activity of the operations of the City. The third largest program, transportation, which is composed of street construction and maintenance, was approximately 18.37 percent of the governmental expenses.

Business-Type Activities

The business-type activities of the City, which include the City's wastewater and water operations, increased the City's net position by $500,065. This increase is mainly due to the increase in capital project activity in the proprietary funds.

The City's sanitary sewer and wastewater treatment system services not only the City, but a few surrounding communities. The Water Fund accounts for distribution of water to individuals and commercial users in various parts of the City.

The City's Funds

Governmental Funds

Information about the City's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the year, the City's governmental funds reported combined ending fund balances of $2,045,261. In 2016, unassigned fund balance, which is available for spending at the government's discretion, is at $1,295,073.

The General Fund is the main operating fund of the City. At the end of 2016, total fund balance for the General Fund was $1,655,020, of which $1,458,869 was unassigned for financial reporting purposes.

General Fund Budgeting Highlights

The most significant budgeted fund is the General Fund. Over the course of the year, the City Council revised the City's General Fund budget to prevent budget overruns.

For the General Fund, final budgeted basis revenues, including other financing sources were $528,469 above the original estimate of $4,041,128, due to increases in estimated receipts across various categories.

The original appropriations, including other financing uses, of $4,683,912 were increased to $5,035,857. After these adjustments, the actual charges to appropriations (expenditures) and other financing uses were $636,491 below the final budgeted amount for the General Fund.

Business-Type Funds

The City's major enterprise funds consist of the Wastewater Fund and Water Fund. The basic financial statements for the major funds are included in this report.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Wastewater and Water Funds. The basic proprietary fund financial statements can be found on page 24 through 27 of this report.

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the City of Geneva had net book value of $30,941,753 in a broad range of capital assets.

Table 3 shows fiscal 2016 balances of capital assets as compared to 2015:

Table 3
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land and land improvements	$ 1,712,451	$ 1,712,451	$ -	$ -	$ 1,712,451	$ 1,712,451
Buildings	5,042,086	5,124,360	4,493,101	4,480,918	9,535,187	9,605,278
Machinery and equipment	1,535,846	1,823,913	1,495,984	1,048,685	3,031,830	2,872,598
Vehicles	1,719,283	1,687,018	374,914	400,413	2,094,197	2,087,431
Infrastructure	25,046,443	24,578,465	14,523,431	14,090,018	39,569,874	38,668,483
Intangibles	81,494	43,478	49,809	49,809	131,303	93,287
Historical treasurers	46,378	46,378	-	-	46,378	46,378
Construction in progress	231,770	255,184	277,435	337,312	509,205	592,496
Less: accumulated depreciation	(18,249,232)	(17,844,485)	(7,439,440)	(7,193,494)	(25,688,672)	(25,037,979)
Total capital assets	$ 17,166,519	$ 17,426,762	$ 13,775,234	$ 13,213,661	$ 30,941,753	$ 30,640,423

The decrease in governmental activities capital assets was mainly due to depreciation exceeding current year additions. The increase in business-type capital assets was mainly the result of several projects funded with loans from the Ohio Public Works Commission and Ohio Water Development Authority.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt

At December 31, 2016, the City of Geneva had $14,580,804 in outstanding debt, accrued compensated absences, and net pension liability of which $1,096,000 was in general obligation bonds. Table 4 summarizes the outstanding obligations of the City.

Table 4
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds	$ 1,096,000	$ 1,181,000	$ -	$ -	$ 1,096,000	$ 1,181,000
OPWC loans	760,502	839,723	603,660	311,518	1,364,162	1,151,241
OWDA loans	-	-	6,413,186	6,337,349	6,413,186	6,337,349
Capital leases	351,958	254,804	51,157	69,066	403,115	323,870
Accrued compensated absences	206,431	180,182	70,020	57,761	276,451	237,943
Note payable for school	20,600	41,200	-	-	20,600	41,200
ODOT loans payable	22,805	67,410	-	-	22,805	67,410
Net pension liability	4,142,908	3,184,484	764,497	536,517	4,907,405	3,721,001
Other long-term liabilities	-	-	19,615	69,795	19,615	69,795
Other loan	-	-	57,465	62,545	57,465	62,545
Total	$ 6,601,204	$ 5,748,803	$ 7,979,600	$ 7,444,551	$ 14,580,804	$ 13,193,354

The City is within all of its legal debt limitations. The Ohio Revised Code provides that the net debt (as defined by Ohio Revised Code) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5 percent of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the un-voted net debt of municipal corporations cannot exceed 5.5 percent of the total taxation value of property. The statutory limitations on debt are measured by the ratio of net debt to tax valuation and expressed in terms of percentage. The aggregate amount of the City's un-voted debt is also subject to overlapping debt restrictions within other political subdivisions. The actual aggregate amount of the City's un-voted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. This millage is measured against the property values in each overlapping district.

More detailed information about the City's long-term liabilities is presented in Notes 9, 10 and 11 to the financial statements.

Current Related Financial Activities

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 budget. The economy is one factor that is recognized in the challenging budget process along with basic operating costs of the City such as negotiated salary increases, benefits, and infrastructure.

The General Fund's expenditures are expected to increase during 2017 mainly with respect to benefits, fuel, and utilities. The City recognizes that declining tax revenue coupled with the cost of inflation and expenditure increases will require the City to continue a pattern of cost containment while pursuing new revenue sources. Current revenue sources include the City's participation in the Joint Economic Development District I, District II, and District III with Harpersfield Township. The City has also been successful in obtaining grants from various sources to aid in capital projects.

Contacting the City of Geneva's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for all money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Finance Director, Traci Welch, City of Geneva, at 440-466-3316.

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City of Geneva, Ohio

Statement of Net Position

December 31, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit Community Improvement Corporation of Geneva
Assets:				
Equity in pooled cash and cash equivalents	$ 1,818,668	$ 1,376,598	$ 3,195,266	$ 79,909
Cash held as fiscal agent	-	-	-	82,090
Accounts receivable	120,487	556,568	677,055	5,189
Due from component unit	44,558	-	44,558	-
Materials and supplies inventory	6,273	49,159	55,432	-
Intergovernmental receivable	291,170	163,899	455,069	-
Internal balances	(19,133)	19,133	-	-
Prepaid items	105,275	26,064	131,339	-
Property taxes receivable	382,439	-	382,439	-
Municipal income taxes receivable	776,952	-	776,952	-
Loans receivable	-	-	-	16,053
Special assessment receivable	262,447	114,942	377,389	-
Non-depreciable capital assets	2,072,093	327,244	2,399,337	44,281
Depreciable capital assets, net	15,094,426	13,447,990	28,542,416	-
Net pension asset	4,047	2,260	6,307	-
Total assets	20,959,702	16,083,857	37,043,559	227,522
Deferred outflows of resources:				
Pension	1,214,781	307,101	1,521,882	-
Liabilities:				
Accounts payable	58,109	78,767	136,876	2,436
Accrued wages and benefits	152,503	42,856	195,359	-
Funds held as fiscal agent	-	-	-	82,090
Intergovernmental payable	6,142	698	6,840	1,499
Due to primary government	-	-	-	44,558
Unearned revenue	29,950	40,500	70,450	4,000
Accrued interest payable	25,916	721	26,637	-
Long-term liabilities:				
Due within one year	447,456	711,516	1,158,972	-
Due in more than one year				
Other amounts due in more than one year	2,010,840	6,503,587	8,514,427	-
Net pension liability	4,142,908	764,497	4,907,405	-
Total liabilities	6,873,824	8,143,142	15,016,966	134,583
Deferred inflows of resources:				
Property taxes	368,759	-	368,759	-
Pension	44,826	20,674	65,500	-
Payments in lieu of taxes	-	104,738	104,738	-
Total deferred inflows of resources	413,585	125,412	538,997	-
Net position:				
Net investment in capital assets	14,914,654	6,649,766	21,564,420	-
Restricted for:				
Capital projects	14,255	-	14,255	-
Other purposes	896,351	-	896,351	-
Unrestricted	(938,186)	1,472,638	534,452	92,939
Total net position	$ 14,887,074	$ 8,122,404	$ 23,009,478	$ 92,939

The accompanying notes are an integral part of these basic financial statements

City of Geneva, Ohio

Statement of Activities

For the Year Ended December 31, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,526,039	$ 43,874	$ 14,067	$ -
Security of persons and property	2,554,415	449,183	-	20,790
Leisure time activities	183,172	67,372	-	-
Community development	371,261	40,043	217,885	-
Transportation	1,059,146	3,772	255,586	293,109
Interest and fiscal charges	72,241	-	-	-
Total governmental activities	5,766,274	604,244	487,538	313,899
Business-type activities:				
Wastewater	1,346,531	1,477,639	-	294,518
Water	1,438,152	1,464,231	-	42,178
Total business-type activities	2,784,683	2,941,870	-	336,696
Total primary government	$ 8,550,957	$ 3,546,114	$ 487,538	$ 650,595
Component unit:				
Community Improvement Corporation of Geneva	$ 113,437	$ -	$ 35,955	$ -

General revenues:
Property and other local taxes levied for:
General purposes
Other purposes
Municipal income taxes levied for:
General purposes
Cable franchise tax
Grants and entitlements not restricted to specific programs
Investment income
Miscellaneous income
Transfers

Total general revenues and transfers

Change in net position before special item

Special item – write-off of receivable due from component unit

Change in net position

Net position at beginning of year

Net position at end of year

The accompanying notes are an integral part of these basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Community Improvement Corp. of Geneva
$ (1,468,098)	$ -	$ (1,468,098)	$ -
(2,084,442)	-	(2,084,442)	-
(115,800)	-	(115,800)	-
(113,333)	-	(113,333)	-
(506,679)	-	(506,679)	-
(72,241)	-	(72,241)	-
(4,360,593)	-	(4,360,593)	-
-	425,626	425,626	-
-	68,257	68,257	-
-	493,883	493,883	-
(4,360,593)	493,883	(3,866,710)	-
-	-	-	(77,482)
295,623	-	295,623	-
174,898	-	174,898	-
3,366,270	-	3,366,270	-
50,996	-	50,996	-
244,505	-	244,505	-
4,765	6,182	10,947	2,429
86,373	-	86,373	11,371
-	-	-	-
4,223,430	6,182	4,229,612	13,800
(137,163)	500,065	362,902	(63,682)
(201,000)	-	(201,000)	-
(338,163)	500,065	161,902	-
15,225,237	7,622,339	22,847,576	156,621
$ 14,887,074	$ 8,122,404	$ 23,009,478	$ 92,939

City of Geneva, Ohio

Balance Sheet
Governmental Funds

December 31, 2016

		General		Street Construction, Maintenance and Repair		Other Governmental Funds		Total Governmental Funds
Assets:								
Equity in pooled cash and cash equivalents	$	1,262,540	$	143,238	$	412,890	$	1,818,668
Accounts receivable		119,987		500		-		120,487
Due from component unit		44,558		-		-		44,558
Materials and supplies inventory		-		6,273		-		6,273
Intergovernmental receivable		103,413		122,394		65,363		291,170
Advances to other funds		-		-		6,500		6,500
Interfund receivable		211,929		-		-		211,929
Prepaid items		87,189		17,586		500		105,275
Property taxes receivable		231,482		-		150,957		382,439
Municipal income taxes receivable		776,952		-		-		776,952
Special assessments receivable		24,303		-		238,144		262,447
Total assets	$	2,862,353	$	289,991	$	874,354	$	4,026,698
Liabilities, deferred inflows of resources, and fund balances:								
Liabilities:								
Accounts payable	$	29,132	$	12,039	$	16,938	$	58,109
Accrued wages and benefits		130,807		21,696		-		152,503
Intergovernmental payable		2,663		3,403		76		6,142
Advances from other funds		-		6,500		-		6,500
Unearned revenue		29,950		-		-		29,950
Interfund payable		-		-		231,062		231,062
Total liabilities		192,552		43,638		248,076		484,266
Deferred inflows of resources:								
Property taxes		222,010		-		146,749		368,759
Unavailable revenues		792,771		78,060		257,581		1,128,412
Total deferred inflows of resources		1,014,781		78,060		404,330		1,497,171
Fund balances:								
Nonspendable		87,189		23,859		7,000		118,048
Restricted		-		144,434		377,744		522,178
Committed		-		-		1,000		1,000
Assigned		108,962		-		-		108,962
Unassigned		1,458,869		-		(163,796)		1,295,073
Total fund balances		1,655,020		168,293		221,948		2,045,261
Total liabilities, deferred inflows of resources, and fund balances	$	2,862,353	$	289,991	$	874,354	$	4,026,698

City of Geneva, Ohio

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

December 31, 2016

Total governmental funds balances			$	2,045,261
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				17,166,519
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.				
Property and other taxes	$	13,680		
Municipal income taxes		589,562		
Special assessments		262,447		
Charges for services		101,833		
Intergovernmental		160,890		
Total				1,128,412
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.				(25,916)
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.				
General obligation bonds		(1,096,000)		
OPWC loans		(760,502)		
ODOT loan		(22,805)		
Capital leases		(351,958)		
Note payable for school		(20,600)		
Accrued compensated absences		(206,431)		
Total				(2,458,296)
The net pension asset/liability are not due and receivable/payable in the current period; therefore, the asset/liability and related deferred outflows/inflows are not reported in the governmental funds:				
Net pension asset		4,047		
Deferred outflows		1,214,781		
Net pension liability		(4,142,908)		
Deferred inflows		(44,826)		
Total				(2,968,906)
Net position of governmental activities			$	14,887,074

The accompanying notes are an integral part of these basic financial statements

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For the Year Ended December 31, 2016

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and other local taxes	$ 308,818	$ -	$ 174,898	$ 483,716
Municipal income taxes	3,246,107	-	-	3,246,107
Intergovernmental	164,187	272,561	541,120	977,868
Charges for services	328,671	-	-	328,671
Licenses, permits and fees	139,336	41,228	8,379	188,943
Special assessments	-	-	228,503	228,503
Investment income	4,402	-	363	4,765
Miscellaneous income	128,211	3,772	31,048	163,031
Total revenues	4,319,732	317,561	984,311	5,621,604
Expenditures:				
Current operations and maintenance:				
General government	1,133,044	-	55,738	1,188,782
Security of persons and property	1,874,237	-	344,703	2,218,940
Leisure time activities	170,728	-	-	170,728
Community development	92,127	-	277,606	369,733
Transportation	-	639,466	14,250	653,716
Capital outlay	-	-	652,598	652,598
Debt service:				
Principal retirement	32,433	123,826	224,462	380,721
Interest and fiscal charges	2,446	1,690	69,580	73,716
Total expenditures	3,305,015	764,982	1,638,937	5,708,934
Excess of revenues over (under) expenditures	1,014,717	(447,421)	(654,626)	(87,330)
Other financing sources (uses):				
Inception of capital leases	32,814	-	215,635	248,449
Transfers – in	1,748	487,855	391,191	880,794
Transfers – out	(878,414)	-	(2,380)	(880,794)
Total other financing sources (uses)	(843,852)	487,855	604,446	248,449
Net change in fund balances	170,865	40,434	(50,180)	161,119
Fund balances at beginning of year	1,484,155	127,859	272,128	1,884,142
Fund balances at end of year	$ 1,655,020	$ 168,293	$ 221,948	$ 2,045,261

The accompanying notes are an integral part of these basic financial statements

City of Geneva, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds		$ 161,119
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 772,465	
Depreciation	(962,541)	
Total		(190,076)
In the Statement of Activities, only the loss on the disposal of capital assets are reported, whereas, in the Governmental Funds, the proceeds from the disposal increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets.		(70,167)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property and other local taxes	(8,308)	
Municipal income taxes	120,163	
Special assessments	(5,716)	
Charges for services	(15,667)	
Intergovernmental	(12,798)	
Special item- write-off of receivable due from component unit	(201,000)	
Total		(123,326)
Repayments of bond, note, loan and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		380,721
Other financing sources in the governmental funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the inception of capital leases.		(248,449)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued compensated absences	(26,249)	
Accrued interest on debt	1,475	
Total		(24,774)

(continued)

City of Geneva, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (continued)

For the Year Ended December 31, 2016

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
OPERS Traditional	141,089	
OPERS Combined	4,893	
OP&F	198,919	
Total		344,901
Except for amounts reported as deferred outflows/inflows, changes in the net position liability are reported as pension expense in the Statement of Activities.		
OPERS Traditional	(185,602)	
OPERS Combined	(2,140)	
OP&F	(380,370)	
Total		(568,112)
Change in net position of governmental activities		$ (338,163)

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

For the Year Ended December 31, 2016

	Budget Original	Budget Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and other local taxes	$ 310,867	$ 310,867	$ 309,292	$ (1,575)
Municipal income taxes	3,043,860	3,543,860	3,313,759	(230,101)
Intergovernmental	151,907	158,207	174,441	16,234
Charges for services	284,421	296,217	326,613	30,396
Licenses, permits and fees	135,945	141,584	156,112	14,528
Investment income	3,605	3,755	4,140	385
Miscellaneous income	110,523	115,107	126,918	11,811
Total revenues	4,041,128	4,569,597	4,411,275	(158,322)
Expenditures:				
Current operations and maintenance:				
General government	1,292,016	1,334,428	1,203,709	130,719
Security of persons and property	2,007,950	2,073,863	1,870,710	203,153
Leisure time activities	185,201	191,281	172,543	18,738
Community development	68,023	70,256	63,374	6,882
Debt service	10,947	11,307	10,199	1,108
Total expenditures	3,564,137	3,681,135	3,320,535	360,600
Excess of revenues over (under) expenditures	476,991	888,462	1,090,740	202,278
Other financing sources (uses):				
Advances – in	45,316	45,316	45,316	-
Transfers – in	-	-	1,748	1,748
Transfers – out	(904,775)	(1,139,722)	(926,924)	212,798
Advances – out	(215,000)	(215,000)	(153,655)	61,345
Total financing sources (uses)	(1,074,459)	(1,309,406)	(1,033,515)	275,891
Net change in fund balance	(597,468)	(420,944)	57,225	478,169
Prior year encumbrances appropriated	71,939	71,939	71,939	-
Fund balance at beginning of year	1,064,637	1,064,637	1,064,637	-
Fund balance at end of year	$ 539,108	$ 715,632	$ 1,193,801	$ 478,169

City of Geneva, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – Street Construction, Maintenance and Repair Fund

For the Year Ended December 31, 2016

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$ 238,000	$ 331,323	$ 272,242	$ (59,081)
Licenses, permits and fees	71,000	50,175	41,228	(8,947)
Miscellaneous income	20,000	3,982	3,272	(710)
Total revenues	329,000	385,480	316,742	(68,738)
Expenditures:				
Current operations and maintenance:				
Transportation	852,036	886,506	680,408	206,098
Principal retirement	127,076	127,076	127,076	-
Debt service	1,690	1,690	1,690	-
Total expenditures	980,802	1,015,272	809,174	206,098
Excess of revenues over (under) expenditures	(651,802)	(629,792)	(492,432)	137,360
Other financing sources (uses):				
Transfers – in	615,738	593,728	487,855	(105,873)
Net change in fund balance	(36,064)	(36,064)	(4,577)	31,487
Prior year encumbrances appropriated	36,064	36,064	36,064	-
Fund balance at beginning of year	56,065	56,065	56,065	-
Fund balance at end of year	$ 56,065	$ 56,065	$ 87,552	$ 31,487

City of Geneva, Ohio

Statement of Fund Net Position –
Proprietary Funds

December 31, 2016

	Wastewater Fund	Water Fund	Total Business-Type Activities
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	$ 677,678	$ 698,920	$ 1,376,598
Accounts receivable	384,944	171,624	556,568
Materials and supplies inventory	8,589	40,570	49,159
Intergovernmental receivable	163,899	-	163,899
Due from other funds	19,133	-	19,133
Prepaid items	15,858	10,206	26,064
Special assessments receivable	94,480	20,462	114,942
Total current assets	1,364,581	941,782	2,306,363
Noncurrent assets:			
Non-depreciable capital assets	224,951	102,293	327,244
Depreciable capital assets, net	6,334,336	7,113,654	13,447,990
Net pension asset	1,499	761	2,260
Total noncurrent assets	6,560,786	7,216,708	13,777,494
Total assets	7,925,367	8,158,490	16,083,857
Deferred outflows of resources:			
Pension	203,756	103,345	307,101
Liabilities:			
Current liabilities:			
Accounts payable	15,197	63,570	78,767
Accrued wages and benefits	32,951	9,905	42,856
Intergovernmental payable	414	284	698
Unearned revenue	40,500	-	40,500
Accrued interest payable	296	425	721
OWDA loans payable	349,020	265,441	614,461
Other loan payable	5,311	-	5,311
OPWC loan payable	17,833	7,238	25,071
Capital leases payable	6,326	12,274	18,600
Accrued compensated absences	48,073	-	48,073
Total current liabilities	515,921	359,137	875,058
Long-term liabilities (net of current portion):			
OWDA loans payable	960,635	4,838,090	5,798,725
Other loan payable	52,154	-	52,154
OPWC loan payable	182,078	396,511	578,589
Capital leases payable	6,572	25,985	32,557
Accrued compensated absences	21,947	-	21,947
Other long-term liabilities	-	19,615	19,615
Net pension liability	507,230	257,267	764,497
Total long-term liabilities	1,730,616	5,537,468	7,268,084
Total liabilities	2,246,537	5,896,605	8,143,142
Deferred inflows of resources:			
Pension	13,718	6,956	20,674
Payments in lieu of taxes	104,738	-	104,738
	118,456	6,956	125,412
Net position:			
Net investment in capital assets	4,979,358	1,670,408	6,649,766
Unrestricted	784,772	687,866	1,472,638
Total net position	$ 5,764,130	$ 2,358,274	$ 8,122,404

City of Geneva, Ohio

Statement of Revenues, Expenses and Changes in Fund Net Position –
Proprietary Funds

For the Year Ended December 31, 2016

	Wastewater Fund	Water Fund	Total Business-Type Activities
Operating revenues:			
Charges for services	$ 1,387,322	$ 1,462,581	$ 2,849,903
Miscellaneous income	90,317	1,650	91,967
Total operating revenues	1,477,639	1,464,231	2,941,870
Operating expenses:			
Personal services	595,753	356,909	952,662
Supplies and materials	105,827	54,612	160,439
Contractual services	318,238	649,558	967,796
Depreciation	268,148	187,192	455,340
Total operating expenses	1,287,966	1,248,271	2,536,237
Operating income	189,673	215,960	405,633
Non-operating revenues (expenses):			
Intergovernmental	77,816	42,178	119,994
Investment income	3,603	2,579	6,182
Interest and fiscal charges	(31,864)	(180,330)	(212,194)
Loss on disposal of capital asset	(26,701)	(9,551)	(36,252)
Payments in lieu of taxes	216,702	-	216,702
Total non-operating revenues (expenses)	239,556	(145,124)	94,432
Change in net position	429,229	70,836	500,065
Net position at beginning of year	5,334,901	2,287,438	7,622,339
Net position at end of year	$ 5,764,130	$ 2,358,274	$ 8,122,404

City of Geneva, Ohio

Statement of Cash Flows –
Proprietary Funds

For the Year Ended December 31, 2016

	Wastewater Fund	Water Fund	Total Business-type Activities
Increase in cash and cash equivalents:			
Cash flows from operating activities:			
Cash received from customers	$ 1,356,105	$ 1,454,992	$ 2,811,097
Cash payments for personal services	(605,744)	(316,053)	(921,797)
Cash payments for contractual services	(318,238)	(649,558)	(967,796)
Cash payments for vendors for supplies and materials	(101,670)	(59,349)	(161,019)
Other operating revenues	90,668	1,650	92,318
Net cash provided by operating activities	421,121	431,682	852,803
Cash flows from non-capital financing activities:			
Repayment of advance	27,590	-	27,590
Net cash provided by non-capital financial activities	27,590	-	27,590
Cash flows from capital and related financing activities:			
Proceeds from OWDA loan	-	658,755	658,755
Proceeds from OPWC loan	-	329,748	329,748
Capital contributions and grants	238,970	42,178	281,148
Principal paid on OWDA loans	(337,066)	(253,149)	(590,215)
Principal paid on other loan	(5,080)	-	(5,080)
Principal paid on OPWC loan	(26,750)	(10,856)	(37,606)
Principal paid on capital leases	(6,088)	(11,821)	(17,909)
Interest paid on OWDA loans	(31,130)	(180,461)	(211,591)
Interest paid on other loans	(110)	-	(110)
Interest paid on capital leases	(673)	-	(673)
Acquisition of capital assets	(113,184)	(990,161)	(1,103,345)
Net cash used for capital and related financing activities	(281,111)	(415,767)	(696,878)
Cash flows from investing activities:			
Interest received	2,734	2,436	5,170
Net increase in cash and cash equivalents	170,334	18,351	188,685
Cash and cash equivalents at beginning of year	507,344	680,569	1,187,913
Cash and cash equivalents at end of year	$ 677,678	$ 698,920	$ 1,376,598

(continued)

City of Geneva, Ohio

Statement of Cash Flows –
Proprietary Funds (continued)

For the Year Ended December 31, 2016

	Wastewater Fund	Water Fund	Total Business-Type Activities
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 189,673	$ 215,960	$ 405,633
Adjustments:			
Depreciation	268,148	187,192	455,340
Changes in assets/liabilities:			
Decrease in accounts receivable	61,484	9,407	70,891
(Increase) in intergovernmental receivable	(2,639)	-	(2,639)
(Increase) in prepaid items	(1,453)	(450)	(1,903)
Decrease (increase) in materials and supplies inventory	4,157	(4,737)	(580)
(Increase) in special assessment receivable	(89,711)	(17,139)	(106,850)
(Increase) in net pension asset	(354)	(203)	(557)
(Increase) in deferred outflows – pension	(138,817)	(71,707)	(210,524)
(Decrease) increase in accounts payable	(34,345)	59,310	24,965
Increase in matured compensated absences	24,587	-	24,587
(Decrease) in accrued compensated absences	(12,328)	-	(12,328)
(Decrease) in intergovernmental payable	(9,230)	(34,878)	(44,108)
Increase in net pension liability	146,474	81,506	227,980
Increase in deferred inflows – pension	7,030	3,699	10,729
Increase in accrued wages and benefits	8,445	3,722	12,167
Net cash provided by operating activities	$ 421,121	$ 431,682	$ 852,803
Noncash transactions from capital and related financing activities:			
Capital assets acquired by incurring accrued liabilities that will be funded with long-term debt	$ (14,960)	$ (35,220)	$ (50,180)
Prepayment of principal of OWDA loans	-	(7,297)	(7,297)

City of Geneva, Ohio

Statement of Fiduciary Assets and Liabilities –
Fiduciary Funds

December 31, 2016

		Agency
Assets:		
Equity in pooled cash and cash equivalents	$	18,002
Liabilities:		
Due to others	$	18,002

Note 1: The Reporting Entity

The City of Geneva (the "City") is a home rule municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The City was incorporated as a city in 1958. The City operates under its own charter and is governed by a City Manager-Council form of government, which was adopted on November 2, 1957. Members of Council are elected to four-year staggered terms.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Geneva, this includes police protection, firefighting and prevention, street maintenance and repairs, building inspection, parks and recreation, wastewater, water distribution, and the community center.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes.

A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separated from the City.

The Community Improvement Corporation of Geneva (CIC) is a legally separate, non-profit organization, served by a fifteen-member board composed of City officials and community representatives. Charged with the responsibilities of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the Geneva area, the CIC is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City. Separately issued financial statements can be obtained from the City of Geneva.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 21.

The City is associated with two jointly governed organizations, the Ashtabula County General Health District and the Geneva Union Cemeteries District, a regional council of governments, Northeast Ohio Public Energy Council and three joint economic development districts (JEDD), JEDD-I, JEDD-II and JEDD-III. These organizations are presented in Note 20 to the basic financial statements.

Note 2: Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide 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.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal activity is eliminated to avoid doubling up revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City 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 labeled Other Governmental Funds. Fiduciary funds are reported by type.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used.

Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

The following are the City's major governmental funds:

> *General Fund* – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.
>
> *Street Construction, Maintenance and Repair Fund* – The Street Construction, Maintenance and Repair Special Revenue Fund (SCMR) accounts for the portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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

> *Wastewater Fund* – The Wastewater Fund accounts for the wastewater service provided to residential and commercial users within the City.
>
> *Water Fund* – The Water Fund accounts for the provision of water distribution to residential and commercial users within the City.

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has nine agency funds: JEDD-I District Board Fund, JEDD-II District Board Fund, JEDD-III District Board Fund, JEDD-I Harpersfield Township Fund, JEDD-II Harpersfield Township Fund, JEDD-III Harpersfield Township Fund, JEDD-I Sanitary Sewer Fund, Fire Fund, and Milwood Subdivision Phase II Fund. The JEDD-I, JEDD-II and JEDD III District Board Funds, JEDD-I, JEDD-II and JEDD III Harpersfield Township Funds, and JEDD-I Sanitary Sewer Fund account for municipal income tax collected by the City for these Joint Economic Development Districts (JEDD). The Fire Fund accounts for the money insurance companies must deposit with the City for repair, removal, or securing of buildings in the event of a fire. Once the project is complete, the funds are returned. The Millwood Subdivision Phase II Fund was created for sanitary sewer manhole repairs that become necessary in the Millwood Subdivision Phase II development area. The repairs are funded by deposits made by the Lake Erie Land Company upon the sale of each lot in the Millwood Subdivision Phase II. Any monies remaining in the fund on March 1, 2022 shall be returned to the Lake Erie Land Company without interest.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position, except for fiduciary funds. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Note 2: Summary of Significant Accounting Policies (continued)

C. Measurement Focus (continued)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows – unavailable revenue and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Available period for the City is sixty days after year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned.

Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 7).

Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: municipal income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources for pension reported in the Statements of Net Position and the amount in the proprietary funds is also reported in the fund financial statements. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the financial statements that report financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue and amounts for pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position and in the proprietary funds on the Statement of Fund Net Position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. 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 City Council may appropriate. The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by City Council. The legal level of budgetary control has been established by City Council at the personal services and other expenditure object levels within each department for all funds. Budgetary modifications for each fund may only be made by ordinance of the City Council.

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Director of Finance. 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 certificate of estimated resources in effect at the time final appropriations were passed by City 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 on the budgetary statements reflect the first appropriations for that fund that covered the entire year including amounts automatically carried forward from prior years. The amounts reported as the final budget amounts represent the final appropriation amounts passed by City Council during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

During 2016, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost.

STAR Ohio, is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but the City has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at amortized cost.

For the year ended 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to City funds according to state statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2016 amounted to $4,402, of which, $713 was from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Note 2: Summary of Significant Accounting Policies (continued)

G. Inventory

Inventories are stated at cost, on the first-in, first-out basis. At December 31, 2016, the Street Construction, Maintenance and Repair Fund, Wastewater Fund, and Water Fund maintained the only significant inventory. The costs of governmental fund type inventories are recorded as expenditures in the fund when used. The nonspendable fund balance for inventory accounts indicate that a portion of the fund balance is not available for future expenditures. For proprietary funds, inventory is expended when consumed.

H. Capitalization of Interest

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The City's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For the year ended December 31, 2016, $1,021 of interest was capitalized.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of $1,000. The City's infrastructure consists of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Improvements that add to the value of the asset or materially extend the life of an asset are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

Note 2: Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

All capital assets are depreciated except for land, construction in progress, historical treasurers, and intangibles. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings/land improvements	50 years
Equipment	6-20 years
Vehicles	6-20 years
Infrastructure	50 years

K. Payables, Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

L. Compensated Absences

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31st by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

The amount is based on accumulated sick leave and employee wage rates at fiscal year-end, taking into consideration any limits specified in the City's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements.

Note 2: Summary of Significant Accounting Policies (continued)

M. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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 or enabling legislation (City Council's Resolutions). Enabling legislation authorizes the City 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 City 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 a formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be re-deployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City 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 City 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 City Council or a City official delegated that authority by the City Council. The Finance Director is the City's delegated official.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Note 2: Summary of Significant Accounting Policies (continued)

M. Fund Balance (continued)

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, interfund loans, prepaid items, and inventories.

N. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for streets, grants, police, and fire.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivable/payable". Interfund loans which do not represent available expendable resources are offset by nonspendable fund balance accounts. Interfund balance amounts are eliminated in the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer and water. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Note 2: Summary of Significant Accounting Policies (continued)

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. A special item occurred in 2016 (see Note 18).

T. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: Change in Accounting Principles

For the year ended December 31, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and GASB Statement No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68 and No. 73.*

Note 3: Change in Accounting Principles (continued)

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position.

GASB Statement No. 76 identifies in the context of the current governmental financial reporting environment - the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City incorporated the corresponding GASB 79 guidance into their financial statements; however, there was no effect on beginning net position.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position.

Note 4: Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance is on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

City of Geneva, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2016

Note 4: Budgetary Basis of Accounting (continued)

The Statements of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are identified as follows:

(a) Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures/Expenses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budgetary basis) as opposed to a reservation of fund balance for governmental funds, and note disclosure for proprietary funds (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and Street Construction, Maintenance and Repair Fund.

Net Change in Fund Balance

	General	Street Construction, Maintenance, and Repair
GAAP basis	$ 170,865	$ 40,434
Increase (decrease) due to:		
Revenue accruals	153,848	(819)
Expenditure accruals	(209,231)	11,490
Funds budgeted elsewhere	3,487	-
Outstanding encumbrances	(61,744)	(55,682)
Budgetary basis	$ 57,225	$ (4,577)

Note 5: Fund Balances

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

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	$ -	$ 6,273	$ -	$ 6,273
Prepaid items	87,189	17,586	500	105,275
Interfund loans	-	-	6,500	6,500
Total nonspendable	87,189	23,859	7,000	118,048
Restricted:				
Streets and highways	-	144,434	12,144	156,578
Police	-	-	34,074	34,074
Law enforcement trust and education	-	-	56,229	56,229
Community development	-	-	90,618	90,618
Recycling center	-	-	6,985	6,985
Street lighting	-	-	169,939	169,939
Capital projects	-	-	7,755	7,755
Total restricted	-	144,434	377,744	522,178
Committed:				
Capital projects	-	-	1,000	1,000
Assigned:				
Other purposes	61,744	-	-	61,744
Community development	47,218	-	-	47,218
Total assigned	108,962	-	-	108,962
Unassigned	1,458,869	-	(163,796)	1,295,073
Total fund balances	$ 1,655,020	$ 168,293	$ 221,948	$ 2,045,261

Note 6: Deposits and Investments

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 monies 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 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 monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, 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 obligations or securities 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 that 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 that the term of the agreement must not exceed 30 days;

4. Investment grade obligations of state and local governments, and public authorities;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

6. 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 City, and must be purchased with the expectation that it will be held to maturity.

Note 6: Deposits and Investments (continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of state statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either within the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured.

At year-end, the carrying amount of the City's deposits was $2,869,632 and the bank balance was $2,985,084. Of the bank balance $619,346 was covered by federal depository insurance and $2,365,738 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the City's name. At December 31, 2016, the City had $1,500 in cash on hand.

Investments

As of December 31, 2016, the City had the following investments:

	Fair Value	Weighted Average Maturity (Days)
STAR Ohio	$ 342,136	51.6

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had no investments categorization within the fair value hierarchy. STAR Ohio is valued at amortized cost, which approximates fair value.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City's investment policy also limits security purchases to those that mature within five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than one year.

Note 6: Deposits and Investments (continued)

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

Credit Risk is addressed by the City's investment policy by the requirements that all investments are authorized by the Ohio Revised Code and that the portfolio be diversified both by types of investment and issuer. The City's investment in STAR Ohio carries an "AAAm" money market rating by Standard & Poor's.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy places no limit on the amount the City may invest in one issuer.

Note 7: Receivables

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the state statute at 35 percent of appraised market value. Real property taxes are payable semiannually. The first payment is due in February with the remainder payable by June unless extended.

Public utility real property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility property currently is assessed at 25 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2016 was \$8.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

	Assessed Value
Category:	
Real estate	$ 88,582,680
Public utility	2,451,160
Total	$ 91,033,840

Note 7: Receivables (continued)

B. Municipal Income Taxes

The City levies municipal income tax of 1.5 percent on all salaries, wages, commissions and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 1.0 percent of the tax paid to another municipality.

Employers within the City are required to withhold municipal income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Municipal income tax collections are received by the General Fund.

C. Intergovernmental Receivables

Receivables at December 31, 2016, primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues, special assessments and loans receivable. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

Governmental activities:	
Homestead and rollback	$ 27,974
Local government	77,269
CAT tax reimbursements	293
CHIP grants	46,956
Court and drug fines	1,890
Auto registration, licenses, and gasoline tax	126,107
Permissive tax	5,745
Bed tax	4,886
Miscellaneous reimbursement	50
Total governmental activities	291,170
Business-type activities:	
Geneva area schools WWTP management services	3,613
TIF	160,286
Total business-type activities	163,899
Total	$ 455,069

D. Loan Receivables

As part of the Economic Development Special Revenue Fund, the City maintains a revolving loan program, available to local businesses to encourage growth and development. The State of Ohio provides funding for the program. During 2016, the City wrote off $201,000 of loans as they were deemed uncollectible. At December 31, 2016, there were no loans outstanding for this program.

City of Geneva, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2016

Note 8: Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2016, was as follows:

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Governmental activities:				
Capital assets not being depreciated:				
Land/land improvements	$ 1,712,451	$ -	$ -	$ 1,712,451
Construction in progress	255,184	29,200	(52,614)	231,770
Historical treasures	46,378	-	-	46,378
Intangibles	43,478	38,016	-	81,494
Total non-depreciable capital assets	2,057,491	67,216	(52,614)	2,072,093
Capital assets being depreciated:				
Building/land improvements	5,124,360	22,760	(105,034)	5,042,086
Equipment	1,823,913	223,570	(511,637)	1,535,846
Vehicles	1,687,018	32,265	-	1,719,283
Infrastructure	24,578,465	479,268	(11,290)	25,046,443
Total capital assets being depreciated	33,213,756	757,863	(627,961)	33,343,658
Less: accumulated depreciation				
Building/land improvements	(2,386,034)	(124,402)	76,278	(2,434,158)
Equipment	(1,334,035)	(118,643)	474,898	(977,780)
Vehicles	(999,031)	(161,031)	-	(1,160,062)
Infrastructure	(13,125,385)	(558,465)	6,618	(13,677,232)
Total accumulated depreciation	(17,844,485)	(962,541)	557,794	(18,249,232)
Net capital assets being depreciated	15,369,271	(204,678)	(70,167)	15,094,426
Governmental activities capital assets, net	$ 17,426,762	$ (137,462)	$ (122,781)	$ 17,166,519

Depreciation expense was charged to governmental activities as follows:

General government	$ 164,972
Security of persons and property	177,802
Leisure time activities	10,139
Transportation	609,628
Total	$ 962,541

Note 8: Capital Assets (continued)

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	$ 337,312	$ 87,199	$ (147,076)	$ 277,435
Intangibles	49,809	-	-	49,809
Total non-depreciable capital assets	387,121	87,199	(147,076)	327,244
Capital assets being depreciated:				
Buildings/land improvements	4,480,918	23,200	(11,017)	4,493,101
Equipment	1,048,685	639,200	(191,901)	1,495,984
Vehicles	400,413	-	(25,499)	374,914
Infrastructure	14,090,018	450,642	(17,229)	14,523,431
Total capital assets being depreciated	20,020,034	1,113,042	(245,646)	20,887,430
Less: accumulated depreciation				
Buildings/land improvements	(2,681,779)	(77,269)	6,462	(2,752,586)
Equipment	(659,378)	(50,832)	163,293	(546,917)
Vehicles	(263,532)	(20,218)	24,192	(259,558)
Infrastructure	(3,588,805)	(307,021)	15,447	(3,880,379)
Total accumulated depreciation	(7,193,494)	(455,340)	209,394	(7,439,440)
Net capital assets being depreciated	12,826,540	657,702	(36,252)	13,447,990
Total business-type activities capital assets, net	$ 13,213,661	$ 744,901	$ (183,328)	$ 13,775,234

Note 9: Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2016 was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16	Due in One Year
Governmental activities:					
General obligation bonds:					
5.25% 2009 Various purpose, maturing 2029	$ 946,000	$ -	$ (50,000)	$ 896,000	$ 53,000
4.00% 2011 Municipal facility improvement, maturing 2021	235,000	-	(35,000)	200,000	35,000
Total general obligation bonds	1,181,000	-	(85,000)	1,096,000	88,000
Other loans:					
0% Ohio Public Works Commission:					
2006 Roosevelt Drive, maturing 2016	5,000	-	(5,000)	-	-
2010 E. Tibbitts, maturing 2021	27,500	-	(7,500)	20,000	5,000
2010 Ansel, maturing 2032	155,849	-	(14,168)	141,681	9,445
2011 Lockwood, maturing 2021	7,793	-	(1,947)	5,846	1,300
2012 Sherman/Chestnut, maturing 2033	543,727	-	(42,925)	500,802	28,617
2014 Grant Bridge, maturing 2034	99,854	-	(7,681)	92,173	5,121
3% Ohio Department of Transportation loans payable:					
2007 - Austin Road SIB loan, maturing 2017	67,410	-	(44,605)	22,805	22,805
Total other loans	907,133	-	(123,826)	783,307	72,288
Other long-term obligations:					
Capital leases payable, maturing through 2017	254,804	248,449	(151,295)	351,958	157,219
0% Note payable for school, maturing 2017	41,200	-	(20,600)	20,600	20,600
Accrued compensated absences	180,182	49,501	(23,252)	206,431	109,349
Net pension liability	3,184,484	958,424	-	4,142,908	-
Total other long-term obligations	3,660,670	1,256,374	(195,147)	4,721,897	287,168
Total governmental long-term liabilities	$ 5,748,803	$ 1,256,374	$ (403,973)	$ 6,601,204	$ 447,456

City of Geneva, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2016

Note 9: Long-Term Obligations (continued)

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16	Due in One Year
Business-type activities:					
Ohio Water Development Authority (OWDA) loans:					
4.56% OWDA, series 2004, maturing 2030	$ 4,690,628	$ -	$ (245,852)	$ 4,444,776	$ 257,191
1% OWDA Elm Street sub-basin sewer rehabilitation maturing 2030	170,661	-	(10,994)	159,667	11,104
1% OWDA laboratory building maturing 2030	243,650	-	(15,697)	227,953	15,853
7% OWDA Phase III - Southerly sewer, maturing 2018	516,589	-	(196,300)	320,289	211,023
3% OWDA, series 2007, maturing 2022	646,323	-	(91,477)	554,846	94,242
1% OWDA WW Collection system study maturing 2020	63,531	-	(16,631)	46,900	16,798
1.68% OWDA advanced metering infrastructure maturing 2032	5,967	247,493	(5,967)	247,493	8,250
1.35% OWDA, North Broadway Waterline maturing 2037	-	411,262	-	411,262	-
Total Ohio Water Development Authority loans	6,337,349	658,755	(582,918)	6,413,186	614,461
Other long-term obligations:					
2006 Geneva-on-the-Lake sanitary sewer outfall, maturing 2026	62,545	-	(5,080)	57,465	5,311
0% Ohio Public Works Commission (OPWC)					
2008 Nearing Circle, maturing 2018	17,500	-	(7,500)	10,000	5,000
2010 W. Liberty maturing 2030	40,036	-	(3,875)	36,161	2,583
2010 Ansel – WW, maturing 2031	169,125	-	(15,375)	153,750	10,250
2010 Ansel – Water, maturing 2031	37,950	-	(3,450)	34,500	2,300
2013 Van Epps – Water, maturing 2024	46,907	-	(7,406)	39,501	4,938
2016 Meter – Water	-	329,748	-	329,748	-
Capital leases payable	69,066	-	(17,909)	51,157	18,600
Accrued compensated absences	57,761	30,750	(18,491)	70,020	48,073
Other long-term liabilities	69,795	19,615	(69,795)	19,615	-
Net pension liability	536,517	227,980	-	764,497	-
Total other long-term obligations	1,107,202	608,093	(148,881)	1,566,414	97,055
Total business-type long-term liabilities	$ 7,444,551	$ 1,266,848	$ (731,799)	$ 7,979,600	$ 711,516

Note 9: Long-Term Obligations (continued)

At December 31, 2016, the City received partial proceeds for the OPWC meter project and the OWDA advanced metering and North Broadway waterlines projects. The loans will be repaid in semi-annual installments. The City has not collected the total proceeds of the loans, and as a result, the debt maturity schedules below do not reflect any amounts for principal or interest.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31,2016 were as follows:

	Governmental Activities				
	General Obligation Bonds		OPWC Loans	Other Loans	
Year	Principal	Interest	Principal	Principal	Interest
2017	$ 88,000	$ 55,040	$ 49,483	$ 43,405	$ 342
2018	95,000	50,858	49,483	-	-
2019	97,000	46,370	49,483	-	-
2020	100,000	41,778	49,483	-	-
2021	109,000	37,028	43,832	-	-
2022-2026	363,000	122,430	215,917	-	-
2027-2031	244,000	25,934	215,917	-	-
2033-2035	-	-	86,904	-	-
	$ 1,096,000	$ 379,438	$ 760,502	$ 43,405	$ 342

	Governmental Activities Total	
Year	Principal	Interest
2017	$ 180,888	$ 55,382
2018	144,483	50,858
2019	146,483	46,370
2020	149,483	41,778
2021	152,832	37,028
2022-2026	578,917	122,430
2027-2031	459,917	25,934
2032-2035	86,904	-
	$ 1,899,907	$ 379,780

	Business-Type Activities				
	OWDA Loans		OPWC Loans	Other Loans	
Year	Principal	Interest	Principal	Principal	Interest
2017	$ 606,210	$ 242,423	$ 25,071	$ 5,311	$ 2,521
2018	519,603	212,563	25,070	5,552	2,280
2019	422,118	189,068	20,070	5,804	2,028
2020	425,266	172,659	20,070	6,068	1,764
2021	442,239	155,687	20,070	6,343	1,489
2022-2026	1,965,588	528,204	90,477	28,387	2,942
2027-2031	1,373,407	105,196	73,084	-	-
	$ 5,754,431	$ 1,605,800	$ 273,912	$ 57,465	$ 13,024

Note 9: Long-Term Obligations (continued)

	Business-Type Activities	
	Total	
Year	Principal	Interest
2017	$ 636,592	$ 244,944
2018	550,225	214,843
2019	447,992	191,096
2020	451,404	174,423
2021	468,652	157,176
2022-2026	2,084,452	531,146
2027-2031	1,446,491	105,196
	$ 6,085,808	$ 1,618,824

General obligation bonds are direct obligations of the City and will be paid from the Debt Service Fund using property tax revenues. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. Compensated absences will be paid from the fund from which the employees' salaries are paid. All OWDA loans are obligations of the Wastewater and Water Funds, and will be paid from the operating revenue of those funds. See Note 10 for detail on capital leases. The City has several loans with the OPWC. The governmental activities OPWC loans are obligations of the Street Construction, Maintenance and Repair (SCMR) Fund and are paid from transfers from the General Fund. The business-type activities OPWC loans are an obligation of the Water and Wastewater Funds.

The City has pledged future revenues, net of operating expenses other than depreciation expense, to repay OPWC and OWDA loans in the Wastewater Fund. The debt is payable solely from net revenues and are payable through 2037. The total principal and interest remaining to be paid on the debt is $1,623,487. Principal and interest paid for the current year and total net revenues were $394,946 and $457,821, respectively.

The City has pledged future revenues, net of operating expenses other than depreciation expense plus interest and fiscal charges, to repay OPWC and OWDA loans in the Water Fund. The debt is payable solely from net revenues and are payable through 2031. The total principal and interest remaining to be paid on the debt is $6,344,407. Principal and interest paid for the current year and total net revenues were $444,466 and $403,152, respectively.

The other long-term liabilities are obligations of the City that will be financed in future periods with debt proceeds.

Note 10: Leases

The City has entered into lease agreements as lessee for financing the acquisition of copiers and various vehicles for the police, street, and wastewater departments. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of inception dates.

	Governmental Activities	Business-Type Activities
Assets:		
Vehicles	$ 450,047	$ 86,260
Equipment	212,017	-
Less: accumulated depreciation	(85,656)	(10,082)
Total	$ 576,408	$ 76,178

Amortization of capital leases is included in depreciation expense.

The following is a schedule of the future long-term minimum lease payments required under the capital leases, operating leases and the present value of the minimum lease payments for the capital lease payments.

	Capital Leases		
Year	Governmental Activities	Business-Type Activities	Operating Leases
2017	$ 169,935	$ 20,379	$ 1,692
2018	137,707	20,379	1,269
2019	52,979	13,616	-
2020	11,494	-	-
2021	2,755	-	-
Total minimum lease payments	374,870	54,374	$ 2,961
Less: amount representing interest	(22,912)	(3,217)	
Present value of minimum lease payments	$ 351,958	$ 51,157	

Lease payments are made from the General Fund, Vehicle and Major Equipment Fund, and the Wastewater Fund. The lease payment amounts will be paid with current, available resources that have accumulated in the respective fund.

Rental expense related to operating leases for equipment totaled $1,692 for the year ended December 31, 2016.

Note 11: Defined Benefit Pension Plans

A. Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City 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., City employees) may elect the member-directed plan, substantially all employee members are in OPERS' Traditional or Combined plans.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined plans. 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 614-222-5601 or 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. Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earning 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.

The Traditional plan is a defined benefit plan in which a member's retirement benefits are calculated on a formula that considers years of service and FAS. Pension benefits are funded by both member and employer contributions and investment earnings on those contributions.

The following table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Traditional plan (see OPERS CAFR referenced above for additional information):

Group A	**Group B**	**Group C**
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
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

When a benefit recipient retiring under the Traditional plan 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.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a decreased retiree or disability benefit recipient under the Traditional plan.

The Combined plan is a defined benefit plan with elements of a defined contribution plan. Members earn a formula benefit similar to, but at a factor less than the Traditional plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement, the member may choose a defined contribution distribution that is equal to the member's contributions to the plan and investment earnings (or losses). Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

Benefits in the Combined plan consist of both an age-and-service formula benefit (the defined benefit element) and a defined contribution element. Eligibility regarding age and years of service in the Combined plan is the same as the Traditional plan. The subsequent table provides age and service requirements for retirement and the retirement formula applied to the FAS for the three member groups under the Combined plan (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Formula:** 1.0% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Members retiring under the Combined plan receive a 3 percent COLA on the defined benefit portion of their benefit. 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. Additionally, a death benefit of $500 – $2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a decreased retiree or disability benefit recipient under the Traditional plan.

Note 11: Defined Benefit Pension Plans (continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

The member-directed plan is a defined contribution plan in which members self-direct the investment of both member and employer contributions. The distribution upon retirement is equal to the sum of member and vested employer contributions plus investment earnings (or losses). Employer contributions and associated investment earnings vest over a five-year period at a rate of 20 percent per year. Members may also elect to use their defined contribution account balances to purchase a defined benefit annuity administered by OPERS.

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

The City's 2016 contribution rate was 14 percent of earnable salary. In fiscal year 2016, the City's contractually required contribution, net of post-employment health care benefits, was $227,471 for 2016. Of this amount, $33,303 is reported as accrued wages and benefits at December 31, 2016.

C. Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description - the City's full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at 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 OP&F may retire and receive a lifetime monthly pension. OP&F 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.

Note 11: Defined Benefit Pension Plans (continued)

C. Plan Description – Ohio Police & Fire Pension Fund (OP&F) (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 OP&F 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:

	Police	Fire
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee:	12.25 %	12.25 %

In fiscal year 2016, the City's contractually required contribution, net of post-employment health care benefits, was $198,919. Of this amount, $32,739 is reported as accrued wages and benefits at December 31, 2016.

City of Geneva, Ohio

Notes to the Basic Financial Statements (continued)

For the Year Ended December 31, 2016

Note 11: Defined Benefit Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional	OPERS Combined	OP&F	Total
Proportion of the net pension liability (asset) prior measurement date	0.012494%	0.012424%	0.042740%	
Proportion of the net pension liability (asset) current measurement date	0.012316%	0.012960%	0.043111%	
Change in Proportionate Share	(0.000178%)	0.000536%	(0.040052%)	
Proportionate share of the net pension liability (asset)	$ 2,134,042	$ (6,307)	$ 2,773,363	$ 4,901,098
Pension expense	$ 293,558	$ 3,301	$ 380,370	$ 677,229

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	OP&F	Total
Deferred outflow of resources				
City contributions subsequent to the measurement date	$ 219,846	$ 7,625	$ 198,919	$ 426,390
Differences in employer contributions and change in proportionate share	-	-	14,317	14,317
Net difference between projected and actual earnings on pension plan investments	627,054	2,724	451,397	1,081,175
Total deferred outflow of resources	$ 846,900	$ 10,349	$ 664,633	$ 1,521,882
Deferred inflow of resources				
Difference in employer contributions and change in proportionate share	$ 13,411	$ 204	$ -	$ 13,615
Differences between expected and actual experience	41,220	2,878	7,787	51,885
Total deferred inflow of resources	$ 54,631	$ 3,082	$ 7,787	$ 65,500

Note 11: Defined Benefit Pension Plans (continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The $426,390 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional	OPERS Combined	OP&F	Total
Fiscal Year Ending December 31:				
2017	$ 130,955	$ 312	$ 120,124	$ 251,391
2018	140,981	312	120,124	261,417
2019	158,585	312	120,124	279,021
2020	141,902	235	96,061	238,198
2021	-	(388)	1,259	871
2022-2025	-	(1,141)	235	(906)
	$ 572,423	$ (358)	$ 457,927	$ 1,029,992

E. Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The active member population which consists of members in the Traditional and Combined plans is assumed to remain constant. For purposes of financing the unfunded actuarial accrued liabilities, total payroll is assumed to grow at the wage inflation rate indicated below.

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	OPERS Traditional Plan	OPERS Combined Plan
Experience Study	5-year period ended December 31, 2010	5-year period ended December 31, 2010
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	8%	8%
Wage Inflation	3.75%	3.75%
Future Salary Increases, including 3.75% inflation	4.25 to 10.05%	4.25 to 8.05%
COLA	2.80% Simple	2.80% Simple

Note 11: Defined Benefit Pension Plans (continued)

E. Actuarial Assumptions – OPERS (continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the defined benefits portfolio, the 401(h) health care portfolio, the 115 health care trust portfolio and the defined contribution portfolio. The defined benefit portfolio includes the investment assets of the Traditional plan, the defined benefit component of the Combined plan, the annuitized accounts of the member-directed plan and the VEBA Trust. Within the defined benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return, net of investment expenses, is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the defined benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.31%
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	100.00%	5.27%

Note 11: Defined Benefit Pension Plans (continued)

E. Actuarial Assumptions – OPERS (continued)

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability – Traditional	$ 3,398,847	$ 2,134,042	$ 1,065,827
City's proportionate share of the net pension asset – Combined	$ (130)	$ (6,307)	$ (11,275)

Changes between Measurement Date and Report Date In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

F. Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Note 11: Defined Benefit Pension Plans (continued)

F. Actuarial Assumptions – OP&F (continued)

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income	20.00	1.62
Global Inflation Protected	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	120.00%	

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Note 11: Defined Benefit Pension Plans (continued)

F. Actuarial Assumptions – OP&F (continued)

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	$ 3,657,691	$ 2,773,363	$ 2,024,246

Note 12: Post-Employment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Note 12: Post-Employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

In order to qualify for health care coverage, age-and-service retirees under the Traditional and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board 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/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board 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. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care for the years ended December 31, 2016, 2015, and 2014 were $38,257 $32,113, and $33,275, respectively, for 2016, 87.2 percent has been contributed. The full amount has been contributed for 2015 and 2014.

B. Ohio Police and Fire Pension Fund

The City of Geneva 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.

Note 12: Post-Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 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 E. Town St., Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution requirements of the participating employers and of the 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 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under 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 contribution allocated to health care was 0.50 percent of covered payroll from January 1, 2016 through December 31, 2016. 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.

The City's contributions to OP&F for police and fire health care for the years ending December 31, 2016, 2015, and 2014 were $3,345 and $1,374, $3,265 and $1,347, and $3,109 and $1,334, respectively. For 2016, 87.5 percent for police and 87.9 percent for firefighters has been contributed, with the remainder being reported as a liability. The full amount has been contributed for 2015 and 2014.

Note 13: Risk Management

The City is exposed to various risk of loss related to torts, theft, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private insurance carriers for real property, building contents, vehicle and general liability insurance, and police professional liability insurance.

The City continues to carry health insurance through a private carrier. There were no reductions in insurance coverage from the previous year, nor have settlements exceeded insurance coverage in any of the prior three fiscal years.

Note 14: Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. All full-time employees may carry over 40 vacation hours for use during the first six months of the following year. City employees are paid for earned, unused vacation leave at the time of termination of employment if the employees have acquired at least one year of service to the City.

Sick leave is earned at the rate of 10 hours to 14 hours for each month worked. The total amount of accumulated sick leave shall not exceed 960 hours to 1,344 hours, depending upon the employment contract. Each employee upon retirement, with a minimum of 15 years of employment, is paid at a rate of one-half (1/2) of the employee's earned unused sick leave balances up to a maximum of one-half (1/2) of 960 hours.

Note 15: Significant Commitments

A. Contracts

The City has the following outstanding contractual commitments for various construction projects at December 31, 2016:

Contractor	Contract	Amount Expended	Amount Remaining
North Avenue Bridge Replacement	$ 455,000	$ 450,195	$ 4,805
JEDD III Construction	175,000	171,887	3,113
AMI/AMR Project	765,918	582,874	183,044
Elm Street Infrastructure Improvements	665,000	114,038	550,962
North Broadway Waterline Improvements	454,423	408,363	46,060

Note 15: Significant Commitments (continued)

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:		
General	$	61,744
Street Construction Maintenance and Repair		55,682
Other Governmental		4,939
Total Governmental	$	122,365

Note 16: Contingencies/Pending Litigation

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2016.

B. Litigation

The City is party to various litigation, claims, and inquiries most of which are routine to the nature of a municipality. It is the opinion of the City's management that the disposition of such litigation will not have a material effect on the overall financial position of the City at December 31, 2016.

Note 17: Interfund Transactions

A. Interfund Balances

Interfund receivables and payables for the year ended December 31, 2016 consisted of the following:

Receivable Fund	Payable Fund		Amount
General Fund	Other Governmental Funds	$	211,929
Wastewater Fund	Other Governmental Funds		19,133
		$	231,062

Note 17: Interfund Transactions (continued)

A. Interfund Balances (continued)

Long-term interfund loans are classified as "advances to/from other funds" and consist of the following at December 31, 2016:

Receivable Fund	Payable Fund	Amount
Other Governmental Funds	Street Construction Maintenance & Repair	$ 6,500

The interfund receivables and payables result from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis. All are expected to be repaid within one year except for the long-term interfund loans classified as "advances to/from other funds".

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2016, consisted of the following:

	Transfer from		
Transfer to:	General Fund	Other Governmental Funds	Total
General Fund	$ -	$ 1,748	$ 1,748
SCMR Fund	487,855	-	487,855
Other Governmental Funds	390,559	632	391,191
	$ 878,414	$ 2,380	$ 880,794

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer. The $632 transfer from other governmental funds to other governmental funds consists of a transfer between the CHIP Home Grant Fund to the CHIP CDBG Grant Fund. The $1,748 transfer from other governmental funds to the General Fund was to reimburse the General Fund for FEMA Funds. These transfers were in compliance with the Ohio Revised Code Section 5705.13 (c).

Note 18: Related Party Transaction

In 2014, the CIC sold property for a purchase price of $267,000 plus interest of 1%. Interest collected under the purchase agreement belongs to the CIC. Principal payments collected under the purchase agreement are shared equally between the CIC and the City, except for the final lump sum payment of $145,764 which will belong exclusively to the City. All payments are first collected by the CIC and then the CIC pays the agreed upon amounts to the City.

Note 18: Related Party Transaction (continued)

During 2016, the CIC determined that the purchaser of this property would not be able to pay the remaining amount of the purchase price. The CIC wrote off both the remaining amount receivable under the purchase agreement of $258,490, as well as the related amount payable to the City of $201,000. This resulted in a net bad debt expense of $201,000 for the year ended December 31, 2016, which is shown as a special item in the Statement of Activities.

Note 19: Accountability

There are deficits in the Police Levies Fund, North Avenue Bridge Rehabilitation Fund, 2015 CHIP CDBG Grant Fund, and JEDD III Construction Fund of $72, $77,038, $53,364, and $33,322, respectively, caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 20: Jointly Governed Organizations

A. Ashtabula County General Health District

The Ashtabula County General Health District (District), a jointly governed organization, provides health services to the citizens with the county. The Board of Health which consists of a representative from each of the participating governments oversees the operation of the District. Twenty-seven townships, seven villages, and the City of Geneva participate in the District. The City contributed $45,800 during 2016 for the operation of the District.

B. Geneva Union Cemeteries District

The Geneva Union Cemeteries District (the "Cemetery"), a jointly governed organization, is a political subdivision governed by a Board of Trustees, which possesses its own contracting and budgeting authority. The Board of Trustees consists of a representative from each of the participating governments: The City of Geneva, the Village of Geneva-on-the-Lake, and Geneva Township. The members serve staggered three-year terms. In 2016, 0.30 mills of the tax valuation was paid to the Cemetery.

C. Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of 134 communities who have been authorized by ballot to purchase electricity on behalf of their citizens.

The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

Note 20: Jointly Governed Organizations (continued)

C. Northeast Ohio Public Energy Council (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Geneva did not contribute to NOPEC during 2016. Financial information can be obtained by contacting 31320 Solon Road, Suite 20, Solon, Ohio 44139.

D. JEDD-I, JEDD-II, and JEDD-III

The City of Geneva and Harpersfield Township (Township) have formed three Geneva Joint Economic Development Districts (JEDD) (JEDD-I, JEDD-II, and JEDD-III) which were formed under Chapter 715.72 through 715.83 of the Ohio Revised Code. JEDD-I was formed in 1996 and JEDD-II was formed in 2005 and JEDD-III was formed in 2014 to provided sanitary sewers to each JEDD District. The purpose of the JEDD's is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, the county, the Township, the City, and the JEDD's served. The JEDD's are administered by a Board of locally appointed officials and local business leaders.

The City acts as the fiscal agent for the JEDD-I, JEDD-II, and JEDD-III Districts. In 2016 JEDD-I distributed $34,746 to the City, $12,635 to the Township, $3,159 to the JEDD Board and $12,635 to the Geneva-area Recreation, Education and Athletic Trust (GaREAT). JEDD-II distributed $175,402 to the City, $46,774 to the Township and $11,693 to the JEDD Board. JEDD-III distributed $24,438 to the city, $20,641 to the township, and $2,373 to the JEDD Board.

Note 21: Component Unit

A. Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Community Improvement Corporation of Geneva (CIC).

Nature of Activities

The CIC was incorporated in July 1997 by the City of Geneva (the "City") under Section 1724.01 et seq. of the Ohio Revised Code. The CIC is a separate body politic having power to act as an individual entity to carry out powers given to it under state statute. The CIC is a legally separate, not-for-profit organization, served by a 15-member board composed of City officials and community representatives.

The CIC was created to advance, encourage, and promote the industrial, economic, commercial, and civic development of Geneva and the territory surrounding Geneva in whatever way and by such means as will improve the normal growth, employment opportunities, and stability of employment in existing industries. The CIC is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

Note 21: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

Basis of Presentation

The CIC prepares its financial statements in accordance with the not-for-profit entity related provisions of the standards set by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

The CIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The CIC does not have any temporarily restricted or permanently restricted net assets as of December 31, 2016.

Basis of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting. Due to the nature and significance of the CIC's relationship to the City, the CIC is presented as a component unit of the City.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the CIC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Loans Receivable

The CIC has loaned money to various City businesses. Payments of principal and interest are due monthly and are not secured. The loans range in interest rates from 1.00 percent to 3.5 percent. When a loan payment is outstanding sixty days after its scheduled payment date, management deems the loan to be delinquent. At December 31, 2016, there were no loans deemed to be delinquent.

Note 21: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

Loans Receivable (continued)

The carrying amount of loans receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews loans receivable balances that are not current and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At December 31, 2016, management has determined that the loans receivable are all collectable and do not require an allowance for doubtful accounts.

Capital Assets

All purchased capital assets and other property are stated at cost. Donated property is capitalized at estimated fair value at the date of donation based on non-recurring Level 2 fair value measurements under FASB's fair value hierarchy.

The CIC capitalizes asset purchases having a cost of $500 or more. The CIC depreciates the capital assets other than land using the straight-line method based on the estimated useful lives of the assets ranging from five to ten years.

Income Taxes

The CIC has qualified for a tax exemption under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2016, the CIC has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis within the notes to the financial statements. Accordingly, certain costs have been allocated to the appropriate programs and supported services.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The CIC has $4,000 of unearned revenue at December 31, 2016.

Note 21: Component Unit (continued)

A. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, the CIC has evaluated events and transactions for potential recognition or disclosure through June 28, 2017, the date the financial statements were available to be issued.

B. Concentrations

At December 31, 2016, the carrying amount of CIC's deposits was $161,999 and the bank balance was $163,990, which was covered by federal depository insurance.

C. Related Parties

Five of the 15 trustees serving the CIC are elected or appointed officials of the City of Geneva as mandated by the Ohio Revised Code with only the City Manager being specified.

In 2014, the CIC sold property for a purchase price of $267,000 plus interest of 1%. Interest collected under the purchase agreement belongs to the CIC. Principal payments collected under the purchase agreement are shared equally between the CIC and the City of Geneva, except for the final lump sum payment of $145,764 which will belong exclusively to the City of Geneva. All payments are first collected by the CIC and then the CIC pays the agreed upon amounts to the City of Geneva.

During 2016, the CIC determined that the purchaser of this property would not be able to pay the remaining amount of the purchase price. The CIC wrote off both the remaining amount receivable under the purchase agreement of $258,490, as well as the related amount payable to the City, resulting in a net bad debt expense of $56,617 for the year ended December 31, 2016.

D. Capital Assets and Property Held for Sale or Development

The CIC's property and equipment consist of the following at December 31, 2016:

Property held for sale or development	$ 44,281
Equipment	27,905
Less: accumulated depreciation	(27,905)
Total	$ 44,281

The majority of CIC's land was donated by the City of Geneva and outside donors.

Note 21: Component Unit (continued)

E. Functional Classification of Expenses

Expenses by function for the year ended December 31, 2016 were as follows:

Program services	$	111,018
General and administrative		1,507
Fundraising		912
Total expenses	$	113,437

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employee Retirement System – Traditional Plan

For the Last Three Years

	2016(1)	2015(1)	2014(1)
City's proportion of the net pension liability	0.012316%	0.012494%	0.012494%
City's proportionate share of the net pension liability	$ 2,134,042	$ 1,506,916	$ 1,472,880
City's covered payroll	$ 1,541,030	$ 1,491,358	$ 1,510,626
City's proportionate share of the net pension liability as a percentage of its covered payroll	138.48%	101.04%	97.50%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	86.45%	n/a

(1) Information prior to 2014 is unavailable. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employee Retirement System – Combined Plan

For the Last Three Years

	2016(1)	2015(1)	2014(1)
City's proportion of the net pension Asset	0.012960%	0.012424%	0.012424%
City's proportionate share of the net pension asset	$ 6,307	$ 4,784	$ 1,304
City's covered payroll	$ 46,942	$ 42,058	$ 47,514
City's proportionate share of the net pension liability as a percentage of its covered payroll	13.44%	11.37%	2.74%
Plan fiduciary net position as a percentage of the total pension liability	116.90%	114.83%	n/a

(1) Information prior to 2014 is unavailable. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund

For the Last Three Years

	2016(1)	2015(1)	2014(1)
City's proportion of the net pension liability	0.043111%	0.042740%	0.042740%
City's proportionate share of the net pension liability	$ 2,773,363	$ 2,214,085	$ 2,081,548
City's covered payroll	$ 903,727	$ 887,302	$ 870,550
City's proportionate share of the net pension liability as a percentage of its covered payroll	306.88%	232.91%	221.15%
Plan fiduciary net position as a percentage of the total pension liability	66.77%	71.71%	73.00%

(1) Information prior to 2014 is unavailable. Amounts presented for each year were determined as of the City's measurement date which is December 31 of the prior year.

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City Contributions
Ohio Public Employee Retirement System – Traditional Plan

For The Last Ten Years

	2016	2015	2014	2013	2012
Contractually-required contribution	$ 219,846	$ 184,924	$ 178,963	$ 196,381	$ 149,877
Contributions in relation to the contractually-required contribution	(219,846)	(184,924)	(178,963)	(196,381)	(149,877)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 1,832,052	$ 1,541,030	$ 1,491,358	$ 1,510,626	$ 1,498,766
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%	10.00%

	2011	2010	2009	2008	2007
Contractually-required contribution	$ 152,130	$ 130,429	$ 118,540	$ 97,090	$ 106,154
Contributions in relation to the contractually-required contribution	(152,130)	(130,429)	(118,540)	(97,090)	(106,154)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 1,521,300	$ 1,449,210	$ 1,394,585	$ 1,387,004	$ 1,271,311
Contributions as a percentage of covered payroll	10.00%	9.00%	8.50%	7.00%	8.35%

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City Contributions
Ohio Public Employee Retirement System – Combined Plan

For The Last Ten Years

	2016	2015	2014	2013	2012
Contractually-required contribution	$ 7,625	$ 5,633	$ 5,047	$ 6,177	$ 4,714
Contributions in relation to the contractually-required contribution	(7,625)	(5,633)	(5,047)	(6,177)	(4,714)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 63,539	$ 46,942	$ 42,058	$ 47,514	$ 47,141
Contributions as a percentage of covered payroll	12.00%	12.00%	12.00%	13.00%	10.00%

	2011	2010	2009	2008	2007
Contractually-required contribution	$ 4,785	$ 4,102	$ 3,728	$ 3,054	$ 3,339
Contributions in relation to the contractually-required contribution	(4,785)	(4,102)	(3,728)	(3,054)	(3,339)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 47,850	$ 45,583	$ 43,864	$ 43,626	$ 39,987
Contributions as a percentage of covered payroll	10.00%	9.00%	8.50%	7.00%	8.35%

City of Geneva, Ohio

Required Supplementary Information
Schedule of the City Contributions
Ohio Police and Fire Pension Fund

For The Last Ten Years

	2016	2015	2014	2013	2012
Contractually-required contribution	$ 198,919	$ 183,594	$ 180,616	$ 149,500	$ 121,189
Contributions in relation to the contractually-required contribution	(198,919)	(183,594)	(180,616)	(149,500)	(121,189)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 979,629	$ 903,727	$ 887,302	$ 870,550	$ 866,103
Contributions as a percentage of covered payroll	20.31%	20.32%	20.36%	17.17%	13.99%

	2011	2010	2009	2008	2007
Contractually-required contribution	$ 127,167	$ 124,521	$ 120,292	$ 120,215	$ 115,079
Contributions in relation to the contractually-required contribution	(127,167)	(124,521)	(120,292)	(120,215)	(115,079)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City covered payroll	$ 908,826	$ 889,915	$ 859,692	$ 859,142	$ 822,436
Contributions as a percentage of covered payroll	13.99%	13.99%	13.99%	13.99%	13.99%

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Ciuni &
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CPAs and Business Advisors

Where Relationships Count.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the City Council
City of Geneva, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Geneva, Ohio (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the Community Improvement Corporation of Geneva, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Geneva Group International

Members of the City Council
City of Geneva, Ohio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ciuni + Panichi, Inc.

Cleveland, Ohio
June 28, 2017

Dave Yost · Auditor of State

CITY OF GENEVA

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 24, 2017