



Dave Yost • Auditor of State

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio as of December 31, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion and Analysis presented on pages 3-8 of the 2014 report and on pages 32-37 of the 2013 report, and accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 19, 2015

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2014 are as follows:

Net position of governmental activities increased \$151,455 or 10.1 percent, from the prior year.

The Village's general receipts are primarily lodging and kilowatt hour (kWh) taxes. These receipts represent respectively 19.6 and 59.3 percent of the total cash received for governmental activities during the year.

Net Position of the Electric operation, the Village's lone business-type activity, increased by \$159,080, or 16.7 percent, during 2014.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

Report Components

The statement of net position assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (major funds) in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)
(Continued)**

Reporting the Village as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets, State and federal grants and property, lodging, and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - A portion of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Water Tower Major Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major enterprise fund, the Electric Operating Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2014 compared to 2013 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Cash/Cash Equivalents	\$ 1,652,124	\$ 1,500,669	\$ 1,111,198	\$ 952,118	\$ 2,763,322	\$ 2,452,787
Total Assets	\$ 1,652,124	\$ 1,500,669	\$ 1,111,198	\$ 952,118	\$ 2,763,322	\$ 2,452,787
Net Position						
Restricted for:						
Debt Service		\$ 7,655			\$ 7,655	
Capital Outlay	\$ 200,000	100,000			\$ 200,000	100,000
Other Purposes	43,514	38,936			43,514	38,936
Unrestricted	1,408,610	1,354,078	\$ 1,111,198	\$ 952,118	2,519,808	2,306,196
Total Net Assets	\$ 1,652,124	\$ 1,500,669	\$ 1,111,198	\$ 952,118	\$ 2,763,322	\$ 2,452,787

As mentioned previously, net position of governmental activities increased \$151,455 or 10.1 percent during 2014. The primary reason contributing to the increases in cash balances is significant increase in lodging tax and kWh tax over the previous year.

Net position of business-type activities increased by \$159,080, or 16.7 percent, during 2014. The primary reasons contributing to the increase in cash balances are an increase in the cost of purchasing electricity and an increase in electric usage.

Table 2 reflects the changes in net position on a cash basis in 2014 and 2013 for governmental activities, business-type activities, and total primary government.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)
(Continued)**

(Table 2)

Changes in Net Position

	Governmental		Business-Type		Total	
	2014	2013	2014	2013	2014	2013
Cash Receipts:						
Program Receipts:						
Charges for Services and Sales	\$600	\$600	\$7,799,594	\$5,992,981	\$7,800,194	\$5,993,581
Operating Grants & Contributions	4,578	5,016			4,578	5,016
Total Program Receipts	5,178	5,616	7,799,594	5,992,981	7,804,772	5,998,597
General Receipts:						
Property Taxes	14,289	14,345			14,289	14,345
Other Local Taxes	436,511	374,393	686	642	437,197	375,035
Grants & Entitlements Not Restricted to Specific Programs	16,986	17,059			16,986	17,059
Interest	2,919	2,591			2,919	2,591
Miscellaneous	77,318	77,910	1,563	3,726	78,881	81,636
Total General Receipts	548,023	486,298	2,249	4,368	550,272	490,666
Total Receipts	553,201	491,914	7,801,843	5,997,349	8,355,044	6,489,263
Cash Disbursements:						
Basic Utilities	142,308	128,034			142,308	128,034
General Government	132,586	134,390			132,586	134,390
Capital Outlay	441	25,177			441	25,177
Debt Service:						
Principal Retirement	98,533	96,401			98,533	96,401
Interest and Fiscal Charges	27,878	30,910			27,878	30,910
Electric Operating			7,642,763	5,872,655	7,642,763	5,872,655
Electric Deposits				900		900
Total Cash Disbursements	401,746	414,912	7,642,763	5,873,555	8,044,509	6,288,467
Increase in Net Position	151,455	77,002	159,080	123,794	310,535	200,796
Net Position, January 1,	1,500,669	1,423,667	952,118	828,324	2,452,787	2,251,991
Net Position, December 31,	\$1,652,124	\$1,500,669	\$1,111,198	\$952,118	\$2,763,322	\$2,452,787

Program receipts represent a little over one percent of total governmental receipts. These are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies and charges for renting a room in the Village Hall to the Visitor's Bureau.

General receipts represent nearly 99 percent of the Village's total receipts, and of this amount, 79.7 percent are local taxes, consisting of lodging and kWh taxes. Property taxes, grants and entitlements, interest and miscellaneous revenue make up the balance of the Village's general receipts (20.3 percent).

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Basic Utilities are the water and sewer line tap fees for Chase Brass, which are paid to the Village of

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)
(Continued)**

Montpelier; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursement for governmental activities are for basic utilities and general government, which account for 68 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
Basic Utilities	\$142,308	\$142,308	\$128,034	\$128,034
Transportation		(4,578)		(5,016)
General Government	132,586	131,986	134,390	133,790
Capital Outlay	441	441	25,177	25,177
Principal Retirement	98,533	98,533	96,401	96,401
Interest & Fiscal Charges	27,878	27,878	30,910	30,910
Total Expenses	\$401,746	\$396,568	\$414,912	\$409,296

The dependence upon other (lodging and kWh) tax receipts is apparent as over 98 percent of governmental activities are supported through these general receipts.

Business-type Activities

The electric operation of the Village is relatively large. The operating and non-operating receipts of the electric operations were \$7,801,843 and \$5,997,349 for 2014 and 2013, respectively. The large variance between 2014 and 2013 is due to an increase in electric cost and usage. Extremely cold weather early in the year created a higher than anticipated electric demand. Energy prices increased due to supply and demand during the critical times.

The Village's Funds

Total governmental funds had receipts of \$553,201 and disbursements of \$401,746 not including transfers. The greatest change within the governmental funds occurred in the General Fund due to an increase in lodging and kWh taxes.

General Fund Budgeting Highlights

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)
(Continued)**

budgeted fund is the General Fund.

During 2014, the General Fund budget did not require amending. The difference between final budgeted receipts and actual receipts was significant: at \$65,281. Actual receipts exceeded final budget receipts by 16 percent.

Final disbursements were budgeted at \$873,036 while actual disbursements were \$419,310. Included in the actual disbursements is a transfer of \$100,000 the Village made to the Capital Projects Fund, the Water Tower Major Repair Fund, to prepare for future maintenance issues or replacement. The Village continues to keep spending low due to the fact that it is preparing for additional infrastructure expenditures expected to occur in the relatively near future.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2014, the Village's outstanding debt included \$240,000 in general obligation bonds issued for the building of Village Hall; and \$43,900 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$484,608 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects.

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to help build infrastructure to better serve our community and prepare for our current and future growth.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 Co. Rd. M; Holiday City, Ohio 43543-9785.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,652,124	\$1,111,198	\$2,763,322
Net Position			
Restricted for:			
Capital Projects	200,000		200,000
Other Purposes	43,514		43,514
Unrestricted	1,408,610	1,111,198	2,519,808
<i>Total Net Position</i>	\$1,652,124	\$1,111,198	\$2,763,322

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
Basic Utility Services	\$142,308			(\$142,308)		(\$142,308)
Transportation			\$4,578	4,578		4,578
General Government	132,586	\$600		(131,986)		(131,986)
Capital Outlay	441			(441)		(441)
Debt Service:						
Principal Retirement	98,533			(98,533)		(98,533)
Interest and Fiscal Charges	27,878			(27,878)		(27,878)
<i>Total Governmental Activities</i>	<u>401,746</u>	<u>600</u>	<u>4,578</u>	<u>(396,568)</u>		<u>(396,568)</u>
Business Type Activities						
Electric Operating	7,642,763	7,799,594			\$156,831	156,831
<i>Total Business Type Activities</i>	<u>7,642,763</u>	<u>7,799,594</u>			<u>156,831</u>	<u>156,831</u>
<i>Total Primary Government</i>	<u>\$8,044,509</u>	<u>\$7,800,194</u>	<u>\$4,578</u>	<u>(396,568)</u>	<u>156,831</u>	<u>(239,737)</u>
General Receipts						
Property Taxes				14,289		14,289
Other Local Taxes				436,511	686	437,197
Grants and Entitlements not Restricted to Specific Programs				16,986		16,986
Earnings on Investments				2,919		2,919
Miscellaneous				77,318	1,563	78,881
Total General Receipts				<u>548,023</u>	<u>2,249</u>	<u>550,272</u>
Change in Net Position				151,455	159,080	310,535
<i>Net Position Beginning of Year</i>				<u>1,500,669</u>	<u>952,118</u>	<u>2,452,787</u>
<i>Net Position End of Year</i>				<u>\$1,652,124</u>	<u>\$1,111,198</u>	<u>\$2,763,322</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Water Tower Major Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,408,610	\$200,000	\$43,514	\$1,652,124
Fund Balances				
Restricted			\$43,514	\$43,514
Committed		\$200,000		200,000
Assigned	\$411,636			411,636
Unassigned	996,974			996,974
Total Fund Balances	\$1,408,610	\$200,000	\$43,514	\$1,652,124

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Water Tower Major Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$450,800			\$450,800
Intergovernmental	16,986		\$4,531	21,517
Charges for Services	600			600
Earnings on Investments	2,919		47	2,966
Reimbursement			76,781	76,781
Miscellaneous	537			537
<i>Total Receipts</i>	<u>471,842</u>		<u>81,359</u>	<u>553,201</u>
Disbursements				
Current:				
Basic Utility Services	142,308			142,308
General Government	132,586			132,586
Capital Outlay	441			441
Debt Service:				
Principal Retirement			98,533	98,533
Interest and Fiscal Charges			27,878	27,878
<i>Total Disbursements</i>	<u>275,335</u>		<u>126,411</u>	<u>401,746</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>196,507</u>		<u>(45,052)</u>	<u>151,455</u>
Other Financing Sources (Uses)				
Transfers In		\$100,000	41,975	141,975
Transfers Out	(141,975)			(141,975)
<i>Total Other Financing Sources (Uses)</i>	<u>(141,975)</u>	<u>100,000</u>	<u>41,975</u>	
<i>Net Change in Fund Balances</i>	54,532	100,000	(3,077)	151,455
Fund Balances, Beginning of Year	1,354,078	100,000	46,591	1,500,669
<i>Fund Balances, End of Year</i>	<u>\$1,408,610</u>	<u>\$200,000</u>	<u>\$43,514</u>	<u>\$1,652,124</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$13,480	\$13,480	\$14,289	\$809
Other Local Taxes	373,000	373,000	436,511	63,511
Intergovernmental	16,781	16,781	16,986	205
Charges for Services	600	600	600	
Earnings on Investments	2,600	2,600	2,919	319
Miscellaneous	100	100	537	437
<i>Total Receipts</i>	<u>406,561</u>	<u>406,561</u>	<u>471,842</u>	<u>65,281</u>
Disbursements				
Current:				
Basic Utility Services	180,000	180,000	142,308	37,692
General Government	186,916	187,916	134,586	53,330
Capital Outlay	464,145	363,145	441	362,704
<i>Total Disbursements</i>	<u>831,061</u>	<u>731,061</u>	<u>277,335</u>	<u>453,726</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(424,500)</u>	<u>(324,500)</u>	<u>194,507</u>	<u>519,007</u>
Other Financing Uses				
Transfers Out	<u>(41,975)</u>	<u>(141,975)</u>	<u>(141,975)</u>	
<i>Net Change in Fund Balance</i>	(466,475)	(466,475)	52,532	519,007
<i>Fund Balance Beginning of Year</i>	1,351,042	1,351,042	1,351,042	
Prior Year Encumbrances Appropriated	<u>3,036</u>	<u>3,036</u>	<u>3,036</u>	
<i>Fund Balance End of Year</i>	<u>\$887,603</u>	<u>\$887,603</u>	<u>\$1,406,610</u>	<u>\$519,007</u>

See accompanying notes to the financial statements

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2014

	<u>Electric Operating</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,111,198</u>
Net Position	
Unrestricted	<u>\$1,111,198</u>

See accompanying notes to the financial statements

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Electric Operating Fund
Operating Receipts	
Charges for Services	<u>\$7,799,594</u>
Operating Disbursements	
Employee Fringe Benefits	723
Contractual Services	7,637,200
Supplies and Materials	1,636
Other	<u>3,204</u>
<i>Total Operating Disbursements</i>	<u>7,642,763</u>
<i>Operating Income</i>	<u>156,831</u>
Non-Operating Receipts	
Property and Other Local Taxes	686
Miscellaneous Receipts	<u>1,563</u>
<i>Total Non-Operating Receipts</i>	<u>2,249</u>
<i>Change in Net Position</i>	159,080
Net Position Beginning of Year	<u>952,118</u>
<i>Net Position End of Year</i>	<u><u>\$1,111,198</u></u>

See accompanying notes to the financial statements

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 – REPORTING ENTITY

The Village of Holiday City, Williams County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Village. The Village provides general government services, electric utility, and contracted maintenance of Village roads and bridges.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

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

The Village participates in the Ohio Plan Risk Management Inc., a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has two major governmental funds, the General Fund and the Water Tower Major Repair Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Water Tower Major Repair Fund is used to account for monies accumulated for possible future repairs, maintenance, or replacement of the water tower.

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has one major enterprise fund, the Electric Operating Fund. The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2014, the Village invested in a STAR Ohio and an interest bearing sweep account.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 was \$2,919 which includes \$1,299 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available. There were no net positions restricted by enabling legislation.

L. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for that specific purpose stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party- such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Interfund Transactions

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$2,000 for the General Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

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

Investments

As of December 31, 2014, the Village had \$172,883 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Village. Real property tax revenue received in Calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected in 2014 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Village receives property taxes from Williams County. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 5 – PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

Real Property	
Residential	\$253,070
Agricultural	487,110
Commercial/Industrial/Mineral	8,169,180
Public Utility	61,070
Total Assessed Value	<u>\$8,970,430</u>
Tax rate per \$1000 of Assessed Valuation	\$1.60

NOTE 6 – RISK MANAGEMENT

A. Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the Plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 767 members as of December 31, 2013 and 2012 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2013 and 2012 (the latest information available).

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 6 – RISK MANAGEMENT (Continued)

	2013	2012
Assets	\$13,774,304	\$13,100,381
Liabilities	(7,968,395)	(6,687,193)
Members' Equity	\$5,805,909	\$6,413,188

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

B. Workers' Compensation

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visting <http://www.opers.org/investments/cafr.shtml>, 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 statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2014 member contribution rate was 10 percent of covered payroll for members in state and local classifications. The 2014 employer contribution rate for state and local employers was 14 percent of covered payroll. The portion of employer contributions used to fund pension benefits is 12 percent for 2014.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The Village's required contributions for pension obligations to the Traditional and Combined plans for the years ended December 31, 2014, 2013, and 2012 were \$9,252, \$8,739, and \$6,830 respectively. These obligations are paid on a cash basis with 100 percent contributed for 2014, 2013, and 2012.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – 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.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor 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.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits (OPEB) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent during calendar year 2014. The portion of employer contribution allocated to health care for members in the Combined Plan was 2 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remained at 2 percent for both plans, as recommended by the OPERS actuary.

The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$1,542, \$672, and \$2,732 respectively. The full amount has been contributed for 2014, 2013, and 2012.

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

NOTE 9 – DEBT

The Village's long-term debt activity for the year ended December 31, 2014, was as follows:

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$260,000		\$20,000	\$240,000	\$20,000
2002 Ohio Public Works						
Commission Loan	0%	49,753		5,853	43,900	5,854
2005 Ohio Water						
Development Authority Loan	3%	557,288		72,680	484,608	74,877
Total Governmental Activities		<u>\$867,041</u>		<u>\$98,533</u>	<u>\$768,508</u>	<u>\$100,731</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The bonds were issued to finance construction of the town hall with final maturity in 2023.

The 2002 OPWC loan relates to a water and sewer line extension project to a local business. The loan is repaid in semiannual installments over 20 years. Money is transferred from the General Fund each year to cover the OPWC debt service requirements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 9 – DEBT (Continued)

The purpose of the OWDA loan was for the water and sewer line extension to service a business development. The Village has been approved for a loan amount of \$762,783. The loan will be repaid in semiannual installments of interest only for the first five years, beginning July 1, 2006, and payments of \$88,858 including interest over the remaining 10 years beginning July 1, 2011. Monies collected under an infrastructure agreement between the Village and Menards, Inc. will be used to finance these payments.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OPWC	OWDA	
	Principal	Interest	Loan	Loan	
	Principal	Interest	Principal	Principal	Interest
2015	\$20,000	\$10,800	\$5,854	\$74,877	\$13,981
2016	20,000	9,900	5,853	77,140	11,718
2017	25,000	9,000	5,853	79,471	9,386
2018	25,000	7,875	5,853	81,874	6,984
2019	25,000	6,750	5,854	84,348	4,509
2020-2023	125,000	14,400	14,633	86,898	1,960
Totals	\$240,000	\$58,725	\$43,900	\$484,608	\$48,538

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

NOTE 10 – INTERFUND TRANSFERS

During 2014 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$31,700
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	4,422
Water Tower Major Repair Fund	100,000
Total Transfers from the General Fund	<u>\$141,975</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11 – FUND BALANCES

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 11 – FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>General Fund</u>	<u>Water Tower Major Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for				
Road Improvements			\$43,514	\$43,514
Committed to				
Water Tower major repairs/maintenance		\$200,000		200,000
Assigned to				
Budgetary Stabilization	\$409,636			409,636
Other Purposes	2,000			2,000
<i>Total Assigned</i>	411,636			411,636
Unassigned	996,974			996,974
<i>Total Fund Balances</i>	<u>\$1,408,610</u>	<u>\$200,000</u>	<u>\$43,514</u>	<u>\$1,652,124</u>

NOTE 12 – CONTRACTUAL COMMITMENT

The Village has a contract with American Municipal Power, Inc. (AMP) to provide electric power and energy for its municipal electric system. This service is transmitted to the Village through a joint venture of four subdivisions located within Williams County. This joint venture is known as Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV-4) which was created for that purpose.

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2014, as a result of this contract, the Village paid \$6,989,358 to AMP.

NOTE 13 – LONG TERM PURCHASE COMMITMENTS

A. Prairie State Energy Campus (PSEC)

On December 20, 2007, AMP acquired 368,000 or an effective 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 13 – LONG TERM PURCHASE COMMITMENTS (Continued)

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the “*Prairie State Power Sales Contract*”) with 68 Members (the “*Prairie State Participants*”). The Prairie State Power Sales Contract is, in all material respects, comparable to the Power Sales Contract for the Project. The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

AMP’s share of the total Project costs, including AMP’s share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. As of December 31, 2014, the Village’s Project Share was associated with approximately \$4,348,353 of the outstanding Project debt. These costs include (i) AMP’s costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project.

B. American Municipal Power Generating Station (AMPGS)

The Village of Holiday City is a participant in the American Municipal Power Generating State Project (the “AMPGS Project”). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village’s share was 1,000 kW of a total 771,281 kW, giving the Village a 0.13% share. The AMPGS Project required participants to sign “take or pay” contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP’s pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share at March 31, 2014, of the impaired costs is \$170,832. The Village received a credit of \$70,925 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$92,895 leaving a net credit balance of impaired cost estimate of \$38,213. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village’s credit balance. These amounts will be recorded as they become estimable. The net credit balance of impaired cost estimate at December 31, 2014 was \$37,470.

C. Blue Creek Wind Energy Agreement

AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, dated February 27, 2012 between AMP and Blue Creek Wind Farm, LLC (“Blue Creek”), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the “Blue Creek Wind Energy Agreement”) from wind electric facilities to be located near Van Wert, Ohio. The contracted amount of the Village’s capacity is 450 kWh. (0.37%)

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)**

NOTE 13 – LONG TERM PURCHASE COMMITMENTS (Continued)

D. AMP Fremont Energy Center (AFEC)

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The Village of Holiday City has executed a take-or-pay power sales contract with AMP for a Project Share of 660 kW or 0.14% of capacity and associated energy from the AFEC facility. As of December 31, 2014, the Village's Project Share was associated with approximately \$764,247 of the outstanding Project debt.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2013 are as follows:

Net position of governmental activities increased \$77,002 or 5 percent, from the prior year.

The Village's general receipts are primarily lodging and kilowatt hour (kWh) taxes. These receipts represent respectively 17 and 59 percent of the total cash received for governmental activities during the year.

Net Position of the Electric operation, the Village's lone business-type activity, increased by \$123,794, or 15 percent, during 2013.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

Report Components

The statement of net position assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (major funds) in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Reporting the Village as a Whole

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

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets, state and federal grants and property, lodging and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric service. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - A portion of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major enterprise fund, the Electric Operating Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Cash/Cash Equivalents	\$ 1,500,669	\$ 1,423,667	\$ 952,118	\$ 828,324	\$ 2,452,787	\$ 2,251,991
Total Assets	\$ 1,500,669	\$ 1,423,667	\$ 952,118	\$ 828,324	\$ 2,452,787	\$ 2,251,991
Net Position						
Restricted for:						
Debt Service	\$ 7,655	\$ 7,655			\$ 7,655	\$ 7,655
Capital Outlay	100,000				100,000	
Other Purposes	38,936	33,921		\$ 900	38,936	34,821
Unrestricted	1,354,078	1,382,091	\$ 952,118	827,424	2,306,196	2,209,515
Total Net Assets	\$ 1,500,669	\$ 1,423,667	\$ 952,118	\$ 828,324	\$ 2,452,787	\$ 2,251,991

As mentioned previously, net position of governmental activities increased \$77,002 or 5 percent during 2013. The primary reason contributing to the increases in cash balances is the Village's conscious effort to keep spending within budgetary allowances.

Net position of business-type activities increased by \$123,794, or 15 percent, during 2013. The primary reasons contributing to the increase in cash balances are a slight increase in electric usage and a reduction of expenses during the year, mostly contributed to a decrease in contractual services.

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities, business-type activities, and total primary government.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

(Table 2)

Changes in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Cash Receipts:						
Program Receipts:						
Charges for Services and Sales	\$600	\$600	\$5,992,981	\$5,859,220	\$5,993,581	\$5,859,820
Operating Grants & Contributions	5,016	5,718			5,016	5,718
Total Program Receipts	5,616	6,318	5,992,981	5,859,220	5,998,597	5,865,538
General Receipts:						
Property Taxes	14,346	12,463			14,346	12,463
Other Local Taxes	374,393	384,167	642	621	375,035	384,788
Grants & Entitlements Not Restricted to Specific Programs	17,059	19,098			17,059	19,098
Interest	2,591	3,720			2,591	3,720
Miscellaneous	77,909	92,746	3,726	6,003	81,635	98,749
Total General Receipts	486,298	512,194	4,368	6,624	490,666	518,818
Total Receipts	491,914	518,512	5,997,349	5,865,844	6,489,263	6,384,356
Cash Disbursements:						
Basic Utilities	128,034	115,491			128,034	115,491
General Government	134,390	122,586			134,390	122,586
Capital Outlay	25,177				25,177	
Debt Service:						
Principal Retirement	96,401	89,331			96,401	89,331
Interest and Fiscal Charges	30,910	33,655			30,910	33,655
Electric Operating			5,872,655	5,841,503	5,872,655	5,841,503
Electric Deposits			900		900	
Total Cash Disbursements	414,912	361,063	5,873,555	5,841,503	6,288,467	6,202,566
Increase in Net Position	77,002	157,449	123,794	24,341	200,796	181,790
Net Position, January 1,	1,423,667	1,266,218	828,324	803,983	2,251,991	2,070,201
Net Position, December 31,	\$1,500,669	\$1,423,667	\$952,118	\$828,324	\$2,452,787	\$2,251,991

Program receipts represent 1 percent of total governmental receipts. These are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies and charges for renting a room in the Village Hall to the Visitor's Bureau.

General receipts represent 99 percent of the Village's total receipts, and of this amount, 77 percent are local taxes, consisting of lodging and kWh taxes. Property taxes, grants and entitlements, interest and miscellaneous revenue make up the balance of the Village's general receipts (23 percent).

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Basic Utilities are the water and sewer line tap fees for Chase Brass, which are paid to the Village of

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

Montpelier. Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursement for governmental activities are for basic utilities and general government, which account for 63 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013	2013	2012	2012
Basic Utilities	\$128,034	\$128,034	\$115,491	\$115,491
Transportation		(5,016)		(5,718)
General Government	134,390	133,790	122,585	121,985
Capital Outlay	25,177	25,177		
Principal Retirement	96,401	96,401	89,331	89,331
Interest & Fiscal Charges	30,910	30,910	33,655	33,655
Total Expenses	\$414,912	\$409,296	\$361,062	\$354,744

The dependence upon other (lodging and kWh) tax receipts is apparent as 99 percent of governmental activities are supported through these general receipts.

Business-type Activities

The electric operation of the Village is relatively large. The operating and non-operating receipts of the electric operations were \$5,997,349 and \$5,865,845 for 2013 and 2012, respectively. The large variance between 2013 and 2012 is due to an increase in electric usage and a decrease in contractual services.

The Village's Funds

Total governmental funds had receipts of \$491,914 and disbursements of \$414,912 not including transfers. The greatest change within the governmental funds occurred in the General Fund due to the increase in contracted services for construction of a shelter house and repair of the weather siren.

General Fund Budgeting Highlights

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
(UNAUDITED)
(Continued)**

During 2013, the General Fund budget did require amending. Other Local Taxes were reduced by \$20,000 to account for a reduction in kWh tax collections. The difference between final budgeted receipts and actual receipts was not significant: at \$14,414. Actual receipts exceeded final budget receipts by only 3.5 percent.

Final disbursements were budgeted at \$871,497 while actual disbursements were \$440,585. Included in the actual disbursements is a transfer of \$100,000 the Village made to the Capital Projects Fund, the Water Tower Major Repair Fund, to prepare for future maintenance issues. The Village continues to keep spending low due to the fact that it is preparing for additional infrastructure expenditures expected to occur in the relatively near future.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2013, the Village's outstanding debt included \$260,000 in general obligation bonds issued for the building of Village Hall; and \$49,753 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$557,288 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects.

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to help build infrastructure to better serve our community and prepare for our current and future growth.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 Co. Rd. M; Holiday City, Ohio 43543-9785.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,500,669</u>	<u>\$952,118</u>	<u>\$2,452,787</u>
Net Position			
Restricted for:			
Capital Projects	100,000		100,000
Debt Service	7,655		7,655
Other Purposes	38,936		38,936
Unrestricted	<u>1,354,078</u>	<u>952,118</u>	<u>2,306,196</u>
<i>Total Net Position</i>	<u>\$1,500,669</u>	<u>\$952,118</u>	<u>\$2,452,787</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Cash Receipts (Disbursements) Receipts and Changes in Net Position					
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Current:						
Basic Utility Services	\$128,034			(\$128,034)		(\$128,034)
Transportation			\$5,016	5,016		5,016
General Government	134,390	\$600		(133,790)		(133,790)
Capital Outlay	25,177			(25,177)		(25,177)
Debt Service:						
Principal Retirement	96,401			(96,401)		(96,401)
Interest and Fiscal Charges	30,910			(30,910)		(30,910)
<i>Total Governmental Activities</i>	<u>414,912</u>	<u>600</u>	<u>5,016</u>	<u>(409,296)</u>		<u>(409,296)</u>
Business Type Activities						
Electric Operating	5,872,655	5,992,981			\$120,326	120,326
Electric Deposits Fund	900				(900)	(900)
<i>Total Business Type Activities</i>	<u>5,873,555</u>	<u>5,992,981</u>			<u>119,426</u>	<u>119,426</u>
<i>Total Primary Government</i>	<u>\$6,288,467</u>	<u>\$5,993,581</u>	<u>\$5,016</u>	<u>(409,296)</u>	<u>119,426</u>	<u>(289,870)</u>
General Receipts						
Property Taxes				14,346		14,346
Other Local Taxes				374,393	642	375,035
Grants and Entitlements not Restricted to Specific Programs				17,059		17,059
Earnings on Investments				2,591		2,591
Miscellaneous				77,909	3,726	81,635
Total General Receipts				<u>486,298</u>	<u>4,368</u>	<u>490,666</u>
Change in Net Position				77,002	123,794	200,796
<i>Net Position Beginning of Year</i>				<u>1,423,667</u>	<u>828,324</u>	<u>2,251,991</u>
<i>Net Position End of Year</i>				<u>\$1,500,669</u>	<u>\$952,118</u>	<u>\$2,452,787</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,354,078</u>	<u>\$146,591</u>	<u>\$1,500,669</u>
Fund Balances			
Restricted		\$46,591	\$46,591
Committed		100,000	100,000
Assigned	\$463,439		463,439
Unassigned	890,639		890,639
Total Fund Balances	<u>\$1,354,078</u>	<u>\$146,591</u>	<u>\$1,500,669</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$388,739		\$388,739
Intergovernmental	17,060	\$4,975	22,035
Charges for Services	600		600
Earnings on Investments	2,591	40	2,631
Reimbursement		77,363	77,363
Miscellaneous	546		546
<i>Total Receipts</i>	<u>409,536</u>	<u>82,378</u>	<u>491,914</u>
Disbursements			
Current:			
Basic Utility Services	128,034		128,034
General Government	134,390		134,390
Capital Outlay	25,177		25,177
Debt Service:			
Principal Retirement		96,401	96,401
Interest and Fiscal Charges		30,910	30,910
<i>Total Disbursements</i>	<u>287,601</u>	<u>127,311</u>	<u>414,912</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>121,935</u>	<u>(44,933)</u>	<u>77,002</u>
Other Financing Sources (Uses)			
Transfers In		149,948	149,948
Transfers Out	(149,948)		(149,948)
<i>Total Other Financing Sources (Uses)</i>	<u>(149,948)</u>	<u>149,948</u>	
<i>Net Change in Fund Balances</i>	(28,013)	105,015	77,002
Fund Balances, Beginning of Year	<u>1,382,091</u>	<u>41,576</u>	<u>1,423,667</u>
<i>Fund Balances, End of Year</i>	<u><u>\$1,354,078</u></u>	<u><u>\$146,591</u></u>	<u><u>\$1,500,669</u></u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$13,572	\$13,572	\$14,346	\$774
Other Local Taxes	381,000	361,000	374,393	13,393
Intergovernmental	16,950	16,950	17,060	110
Charges for Services	600	600	600	
Earnings on Investments	3,500	2,900	2,591	(309)
Miscellaneous	100	100	546	446
<i>Total Receipts</i>	<u>415,722</u>	<u>395,122</u>	<u>409,536</u>	<u>14,414</u>
Disbursements				
Current:				
Basic Utility Services	180,000	180,000	128,034	51,966
General Government	195,648	201,056	137,426	63,630
Capital Outlay	445,901	340,493	25,177	315,316
<i>Total Disbursements</i>	<u>821,549</u>	<u>721,549</u>	<u>290,637</u>	<u>430,912</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(405,827)</u>	<u>(326,427)</u>	<u>118,899</u>	<u>445,326</u>
Other Financing Uses				
Transfers Out	<u>(49,948)</u>	<u>(149,948)</u>	<u>(149,948)</u>	
<i>Net Change in Fund Balance</i>	(455,775)	(476,375)	(31,049)	445,326
<i>Fund Balance Beginning of Year</i>	1,365,119	1,365,119	1,365,119	
Prior Year Encumbrances Appropriated	<u>16,972</u>	<u>16,972</u>	<u>16,972</u>	
<i>Fund Balance End of Year</i>	<u>\$926,316</u>	<u>\$905,716</u>	<u>\$1,351,042</u>	<u>\$445,326</u>

See accompanying notes to the financial statements

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2013

	<u>Electric Operating</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$952,118</u>
Net Position	
Unrestricted	<u>\$952,118</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**STATEMENT OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities		
	Electric Operating Fund	Other Enterprise Fund	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$5,992,981		\$5,992,981
Operating Disbursements			
Employee Fringe Benefits	64		64
Contractual Services	5,868,019		5,868,019
Supplies and Materials	1,392		1,392
Other	3,180	\$900	4,080
<i>Total Operating Disbursements</i>	<u>5,872,655</u>	<u>900</u>	<u>5,873,555</u>
<i>Operating Income (Loss)</i>	<u>120,326</u>	<u>(900)</u>	<u>119,426</u>
Non-Operating Receipts			
Property and Other Local Taxes	642		642
Miscellaneous Receipts	3,726		3,726
<i>Total Non-Operating Receipts</i>	<u>4,368</u>		<u>4,368</u>
<i>Change in Net Position</i>	124,694	(900)	123,794
Net Position Beginning of Year	<u>827,424</u>	<u>\$900</u>	<u>828,324</u>
<i>Net Position End of Year</i>	<u><u>\$952,118</u></u>		<u><u>\$952,118</u></u>

See accompanying notes to the financial statements

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 – REPORTING ENTITY

The Village of Holiday City, Williams County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Village. The Village provides general government services, electric utility, and contracted maintenance of Village roads and bridges.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

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

The Village participates in the Ohio Plan Risk Management, Inc. a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has one major governmental fund, the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has one major enterprise fund, the Electric Operating Fund. The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2013, the Village invested in a STAR Ohio and an interest bearing sweep account.

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2013.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 was \$2,591 which includes \$1,001 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available. There were no net positions restricted by enabling legislation.

L. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for that specific purpose stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party- such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Interfund Transactions

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (Continued)

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$3,036 for the General Fund.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

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

Investments

As of December 31, 2013, the Village had \$172,826 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Village. Real property tax revenue received in Calendar 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Village receives property taxes from Williams County. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 5 – PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

Real Property	
Residential	\$255,800
Agricultural	487,110
Commercial/Industrial/Mineral	8,166,620
Tangible Personal Property	
Public Utility	122,240
Total Assessed Value	<u>\$9,031,770</u>
Tax rate per \$1000 of Assessed Valuation	\$1.60

NOTE 6 – RISK MANAGEMENT

A. Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the Plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 767 members as of December 31, 2013 and 2012 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 6 – RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2013 and 2012 (the latest information available).

	2013	2012
Assets	\$13,774,304	\$13,100,381
Liabilities	(7,968,395)	(6,687,193)
Members' Equity	\$5,805,909	\$6,413,188

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

B. Workers' Compensation

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visting <http://www.opers.org/investments/cafr.shtml>, 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 statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

The 2013 member contribution rate was 10 percent of covered payroll for members in state and local classifications. The 2013 employer contribution rate for state and local employers was 14 percent of covered payroll. The portion of employer contributions used to fund pension benefits is 13 percent for 2013.

The Village's required contributions for pension obligations to the Traditional and Combined plans for the years ended December 31, 2013, 2012, and 2011 were \$8,739, \$6,830, and \$6,675 respectively. These obligations are paid on a cash basis with 100 percent contributed for 2013, 2012 and 2011.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – 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.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor 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.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits (OPEB) to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1 percent during calendar year 2013. The portion of employer contribution allocated to health care for members in the Combined Plan was 1 percent during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS actuary.

The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$672, \$2,732, and \$2,670 respectively. The full amount has been contributed for 2013, 2012, and 2011.

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

NOTE 9 – DEBT

The Village's long-term debt activity for the year ended December 31, 2013, was as follows:

	Interest Rate	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$280,000		\$20,000	\$260,000	\$20,000
2002 Ohio Public Works						
Commission Loan	0%	55,606		5,853	49,753	5,853
2005 Ohio Water						
Development Authority Loan	3%	627,836		70,548	557,288	72,680
Total Governmental Activities		<u>\$963,442</u>		<u>\$96,401</u>	<u>\$867,041</u>	<u>\$99,533</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The bonds were issued to finance construction of the town hall with final maturity in 2023.

The 2002 OPWC loan relates to a water and sewer line extension project to a local business. The loan is repaid in semiannual installments over 20 years. Money is transferred from the General Fund each year to cover the OPWC debt service requirements.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 9 – DEBT (Continued)

The purpose of the OWDA loan was for the water and sewer line extension to service a business development. The Village has been approved for a loan amount of \$762,783. The loan will be repaid in semiannual installments of interest only for the first five years, beginning July 1, 2006, and payments of \$88,858 including interest over the remaining 10 years beginning July 1, 2011. Monies collected under an infrastructure agreement between the Village and Menards, Inc. will be used to finance these payments.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OPWC	OWDA	
	Principal	Interest	Loan	Loan	
			Principal	Principal	Interest
2014	\$20,000	\$11,700	\$5,853	\$72,680	\$16,178
2015	20,000	10,800	5,854	74,877	13,981
2016	20,000	9,900	5,853	77,140	11,718
2017	25,000	9,000	5,853	79,471	9,386
2018	25,000	7,875	5,853	81,874	6,984
2019-2023	150,000	21,150	20,487	171,246	6,469
Totals	<u>\$260,000</u>	<u>\$70,425</u>	<u>\$49,753</u>	<u>\$557,288</u>	<u>\$64,716</u>

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

NOTE 10 – INTERFUND TRANSFERS

During 2013 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$32,600
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	11,495
Water Tower Major Repair Fund	100,000
Total Transfers from the General Fund	<u>\$149,948</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11 – FUND BALANCES

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 11 – FUND BALANCES (Continued)

Fund Balances	General Fund	Other Governmental Funds	Total
Restricted for			
Road Improvements		\$38,936	\$38,936
Debt Service		7,655	7,655
<i>Total Restricted</i>		46,591	46,591
Committed to			
Water Tower major repairs/maintenance		100,000	100,000
Assigned to			
Budgetary Stabilization	\$463,439		463,439
Unassigned			
	890,639		890,639
<i>Total Fund Balances</i>	<u>\$1,354,078</u>	<u>\$146,591</u>	<u>\$1,500,669</u>

NOTE 12 – CONTRACTUAL COMMITMENT

The Village has a contract with American Municipal Power, Inc. (AMP) to provide electric power and energy for its municipal electric system. This service is transmitted to the Village through a joint venture of four subdivisions located within Williams County. This joint venture is known as Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV-4) which was created for that purpose.

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2013, as a result of this contract, the Village paid \$5,253,090 to AMP.

NOTE 13 – LONG TERM PURCHASE COMMITMENTS

A. Prairie State Energy Campus (PSEC)

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the "PSEC Ownership Interest") in the Prairie State Energy Campus, a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("AMP 368 LLC"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 13 – LONG TERM PURCHASE COMMITMENTS (Continued)

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "*Prairie State Power Sales Contract*") with 68 Members (the "*Prairie State Participants*"). The Prairie State Power Sales Contract is, in all material respects, comparable to the Power Sales Contract for the Project. The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated approximately 2.5 MW of the project.

B. American Municipal Power Generating Station (AMPGS)

The Village of Holiday City is a participant in the American Municipal Power Generating State Project (the "AMPGS Project"). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kW of a total 771,281 kW, giving the Village a 0.13% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$170,832. The Village received a credit of \$70,925 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$92,895 leaving a net credit balance of impaired cost estimate of \$38,213. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable.

C. Blue Creek Wind Energy Agreement

AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, dated February 27, 2012 between AMP and Blue Creek Wind Farm, LLC ("Blue Creek"), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the "Blue Creek Wind Energy Agreement") from wind electric facilities to be located near Van Wert, Ohio. The contracted amount of the Village's capacity is 450 kWh. (0.37%)

D. AMP Fremont Energy Center (AFEC)

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Continued)**

NOTE 13 – LONG TERM PURCHASE COMMITMENTS (Continued)

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The Village of Holiday City has executed a take-or-pay power sales contract with AMP for a Project Share of 660 kW or 0.14% of capacity and associated energy from the AFEC facility.



Dave Yost • Auditor of State

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

Village of Holiday City
Williams County
13918 County Road M
Holiday City, Ohio 43543-9785

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 19, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

June 19, 2015

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness – Monitoring of Utility Bills

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. When designing the public office's system of internal control and the specific control activities, management should consider monitoring activities performed by service organizations.

The Village has a contract with American Municipal Power – Ohio (AMP-Ohio) to provide electric power and energy for its municipal electric system. As part of this agreement, AMP-Ohio also prepares the billing for an industrial customer located within the Village on behalf of the Village.

The Village does not monitor the billing process handled by AMP-Ohio. These billings accounted for 73 percent of the total revenues recorded in the Electric Operating Fund during the audit period.

We recommend management establish procedures that will monitor the billing process of utility customers to ensure the correct amount is billed. Management should consider taking steps to verify that the usages billed along with rates used to determine amounts due are correct.

Officials' Response:

Management will attempt to implement procedures to monitor the billing process.

FINDING NUMBER 2014-002

Material Weakness – Fund Balance Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Restricted revenues included those where constraints have placed been on the use by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed revenues include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority (such as an ordinance or resolution).

FINDING NUMBER 2014-002 (Continued)

The Village Council approved transferring monies from the General Fund to the Water Tower Major Repair Fund for the purpose of committing these monies for possible future repairs or maintenance needed for the water tower. The Village was not aware that this action doesn't restrict these revenues. At December 31, 2014, the \$200,000 fund balance was reported in this major fund as "restricted" instead of "committed." At December 31, 2013, the \$100,000 fund balance was reported in the Other Governmental Funds as "restricted" instead of "committed."

Adjustments were made to reclassify the Water Tower Major Repair Fund balance from "restricted" to "committed" at December 31, 2014 and a portion of the Other Governmental Funds balance at December 31, 2013 from "restricted" to "committed."

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

Officials' Response:

Management will implement procedures to correct this matter.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Recommendation to improve monitoring of utility billings.	No	Not corrected and reissued as Finding 2014-001 in this report.
2012-002	Recommendation to improve classification of fund balances on financial statements.	No	Not corrected and reissued as Finding 2014-002 in this report.

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VILLAGE OF HOLIDAY CITY

WILLIAMS 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
JULY 7, 2015