



Dave Yost • Auditor of State

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Woodville
Sandusky County
530 Lime Street, P.O. Box 156
Woodville, Ohio 43460-0156

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Woodville, Sandusky County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Woodville, Sandusky County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, 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

December 13, 2016

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$330,322	\$8,532		\$338,854
Intergovernmental	114,645	138,093		252,738
Charges for Services	20,849	23,220		44,069
Fines, Licenses and Permits	62,306	906		63,212
Earnings on Investments	11,430	4		11,434
Miscellaneous	17,484	1,012		18,496
<i>Total Cash Receipts</i>	<u>557,036</u>	<u>171,767</u>		<u>728,803</u>
Cash Disbursements				
Current:				
Security of Persons and Property	352,755	11,827		364,582
Public Health Safety	1,123			1,123
Leisure Time Activities	6,482	36,873		43,355
Community Environment	3,715			3,715
Transportation	18,820	76,052		94,872
General Government	117,008	4,467		121,475
Capital Outlay	19,141	3,364		22,505
<i>Total Cash Disbursements</i>	<u>519,044</u>	<u>132,583</u>		<u>651,627</u>
<i>Excess of Receipts Over Disbursements</i>	<u>37,992</u>	<u>39,184</u>		<u>77,176</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(64,045)			(64,045)
Other Financing Sources	5,000			5,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(59,045)</u>	<u>10,000</u>		<u>(49,045)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,053)</u>	<u>49,184</u>		<u>28,131</u>
<i>Fund Cash Balances, January 1</i>	<u>85,580</u>	<u>220,651</u>	<u>\$7,460</u>	<u>313,691</u>
Fund Cash Balances, December 31				
Restricted		269,835	7,460	277,295
Assigned	64,527			64,527
<i>Fund Cash Balances, December 31</i>	<u>\$64,527</u>	<u>\$269,835</u>	<u>\$7,460</u>	<u>\$341,822</u>

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,747,472
Miscellaneous	62,800
	<u>2,810,272</u>
<i>Total Operating Cash Receipts</i>	<i>2,810,272</i>
Operating Cash Disbursements	
Personal Services	483,520
Travel Transportation	1,818
Contractual Services	1,500,185
Supplies and Materials	157,324
Capital Outlay	336,183
	<u>2,479,030</u>
<i>Total Operating Cash Disbursements</i>	<i>2,479,030</i>
<i>Operating Income</i>	<i>331,242</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	76,030
Sale of Notes	550,000
Other Debt Proceeds	155,843
Property and Other Local Taxes	(3,038)
Principal Retirement	(1,212,872)
Interest and Other Fiscal Charges	(15,643)
	<u>(449,680)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(449,680)</i>
<i>Loss before Transfers</i>	<i>(118,438)</i>
Transfers-In	54,045
	<u>54,045</u>
<i>Net Change in Fund Cash Balance</i>	<i>(64,393)</i>
<i>Fund Cash Balance, January 1</i>	<i>2,114,303</i>
	<u>2,114,303</u>
<i>Fund Cash Balance, December 31</i>	<i>\$2,049,910</i>
	<u>\$2,049,910</u>

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

The Village participates in two joint ventures. These organizations are:

Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The Village of Woodville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .06% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project shares, ownership of which is held in trust for such Purchaser Participants

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2 including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2015, the outstanding debt was \$8,052,470. The Village's net investment in OMEGA JV2 was \$10,021 at December 31, 2015. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

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

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Ohio Municipal Electric General Agency Joint Venture 5 (JV5)

The Village of Woodville is a Financing Participant with an ownership percentage of .50 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient to order to maintain a debt coverage ration equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013, Woodville has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non- defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000 which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

On February 15, 2014, all of the 2004 BIRC's were redeemed from funds held under the trust agreement securing the 2004 BIRC's and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014, due to scheduled principal repayments. The resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt services from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$14,939 at December 31, 2015. Complete financial statements for JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Recreation Fund – This fund receives charges for services revenue and general fund transfers to support park operations.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Construction Fund – This fund had no activity and holds a leftover balance from a previous capital project.

Other Capital Projects – This fund had no activity and holds a leftover balance from a previous capital project.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

4. Enterprise Funds

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

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

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

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2015 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

2. Restricted

Fund balance is *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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

	2015
Demand deposits	\$1,391,682
Certificates of deposit	1,000,000
Cash on Hand	50
Total deposits	\$ 2,391,732

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$543,545	\$562,036	\$18,491
Special Revenue	199,746	181,767	(17,979)
Capital Project Fund	10,000		(10,000)
Enterprise	3,170,000	3,646,190	476,190
Total	\$3,923,291	\$4,389,993	\$466,702

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$620,600	\$584,729	\$35,871
Special Revenue	196,468	132,583	63,885
Capital Projects	6,500		6,500
Enterprise	4,358,038	3,716,411	641,627
Total	\$5,181,606	\$4,433,723	\$747,883

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan # 5795	\$7,414,170	0.00%
Ohio Water Development Authority Loan # 5688	307,074	0.00%
Ohio Water Development Authority Loan # 5557	115,204	0.00%
Ohio Water Development Authority Loan # 6545	351,847	1.50%
Ohio Public Works Commission Loan #CE26H	15,319	0.00%
Ohio Public Works Commission Loan #CE09Q	74,763	0.00%
Ohio Public Works Commission Loan #CE26B	53,119	0.00%
Ohio Public Works Commission Loan #CT13F	7,396	0.00%
AMP Note	550,000	1.10%
Ohio Water Development Authority Loan #6964	79,813	2.75%
Police Pension Liability	37,683	4.00%
Total	<u><u>\$9,006,388</u></u>	

The Ohio Water Development Authority (OWDA) loan #5795 relates to the sewer separation project. OWDA has agreed to loan the Village \$9,407,083 for this project. The Village will repay the loan in semi-annual installments over 10 years. The loan is still in open status; therefore no amortization schedule is available at this time. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5688 relates to the well filed expansion project. OWDA has agreed to loan the Village \$507,160. The Village will repay the loan in semi-annual installments over 20 years. The loan is still in open status; therefore no amortization schedule is available at this time. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5557 relates to the raw waterline project. OWDA has agreed to loan the Village \$271,568, \$121,646 of which was forgiven by an ARRA grant received by the Village. The Village will pay the remaining balance in semi-annual installments over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6545 relates to the Port Clinton Road pump station replacement project. OWDA has agreed to loan the Village \$435,927. The Village will repay the loan in semiannual installments over 30 years. The loan is still in open status; therefore no amortization schedule is available at this time. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6964 relates to the Clarifier Tank Cover project. OWDA loaned the Village \$79,813 for this project. The Village will repay the loan in semi-annual installments over five years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE09Q relates to the Water Treatment Plant improvement project. OPWC loaned the Village \$76,030 for this project. The Village will repay the loan in semi-annual installments of \$1.267 over 30 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

The Ohio Public Works Commission (OPWC) loan #CE26H relates to the phase I waterline improvement project. OPWC loaned the Village \$306,381 for this project. The Village will repay the loan in semi-annual installments of \$15,319 over 10 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE26B relates to a wastewater treatment plant improvement project. OPWC loaned the Village \$177,065 for this project. The Village will repay the loan in semi-annual installments of \$4,427 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT13F relates to the West Main Street waterline loop improvements. OPWC loaned the Village \$17,404 for this project. The Village will repay the loan in semi-annual installments of \$435 over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Amp-Ohio Note relates to a Bond Anticipation Note issued by Amp-Ohio on behalf of the Village for an operations building and electric substation project. The note is collateralized by electric receipts.

The Police Pension liability is a legal liability for past service cost to the Police and Fire Pension Fund which arose when the fund was established. The remaining unfunded pension liability is to be amortized in semi-annual installments through 2035. Payments are made from the Police Pension Special Revenue Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA #5557	OPWC CE26H	OPWC CE26B	OPWC CE13F	OPWC CE09Q	POLICE PENSION
2016	\$ 7,433	\$ 15,319	\$ 8,853	\$ 870	\$ 2,534	\$ 2,866
2017	7,433		8,853	870	2,534	2,866
2018	7,433		8,853	870	2,534	2,866
2019	7,432		8,853	870	2,534	2,866
2020	7,432		8,853	870	2,534	2,866
2021-2025	37,163		8,854	3,046	12,672	14,331
2026-2030	37,162				12,672	14,331
2031-2035	3,716				12,672	12,769
2036-2040					12,672	
2041-2045					11,405	
Total	\$ 115,204	\$ 15,319	\$ 53,119	\$ 7,396	\$ 74,763	\$ 55,761

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

Year ending	OWDA	
December 31:	#6964	AMP-Ohio
2016	\$ 7,432	\$ 556,134
2017	7,432	
2018	7,432	
2019	7,432	
2020	7,432	
2021-2025	37,163	
2026-2030	37,163	
2031-2035	3,718	
Total	<u>\$ 115,204</u>	<u>\$ 556,134</u>

6. LONG TERM PURCHASE COMMITMENTS

A. American Municipal Power Generating Station (AMPGS)

The Village of Woodville is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 800 kilowatts of a total 771,281 kilowatts, giving the Village a 0.10 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$139,427. The Village received a credit of \$9,672 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$36,180 related to the AMPGS costs deemed to have future benefit for the project participants, and payments made of \$32,440 leaving a net impaired cost estimate of \$61,135. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

Since March 31, 2014 the Village has made payments of \$79,482 to AMP towards its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,064 and interest expense incurred on AMP's line-of-credit of \$52, resulting in a net credit balance at December 31, 2015 of \$17,231.

The Village intends to recover these costs and repay AMP through a power cost adjustment.

B. Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000 kW 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

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.

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. 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. As of December 31, 2015 the outstanding obligation on Prairie State project is \$1,590,590,000.

The Village of Woodville has executed a take-or-pay power sales contract with AMP for a Project Share of 498 kW or 0.14% kW of capacity and associated energy from the Prairie State facility.

C. Combined Hydroelectric Projects

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "Combined Hydroelectric Projects"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively in 2009. Ground breaking ceremonies were held for Cannelton on August 25, 2009 and for Smithland on September 1, 2010. AMP received the last of the material permits for the Willow Island hydroelectric facility in the last quarter of 2010 and ground breaking ceremonies took place on July 21, 2011.

The Cannelton Hydro Project (88MW), now in operation as of 2016, is located on the Kentucky shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May 31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

The Willow Island Hydro Project, 44MW, now in operation, diverts water from the existing Willow Island Locks and Dam through bulb turbines. The FERC license for the Willow Project expires August 31, 2030. Average gross annual output is 279 million kWh. The powerhouse houses two horizontal 29.3 MW bulb type turbines and generating units.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

The Smithland Hydro Project (76MW) is located 62.5 miles upstream of the confluence of the Ohio and Mississippi Rivers. The Smithland project has a FERC license that expires May 31, 2038. The powerhouse houses three horizontal 29.3 MW bulb type turbines and generating units. Average gross annual output is 379 million kWh. AMP expects the three unit Smithland Hydro Project (76MW) to be in commercial operation by first quarter of 2017.

Please note that these projected commercial operation dates set forth above are, and the other information herein is, subject to change and are dependent on a number of factors affecting each Project's overall remaining construction schedule, including weather. As a result, the commercial operation dates may occur earlier or later than the time frames set forth above.

On February 12, 2015, AMP reached agreement with Barnard Construction Company, Inc. ("Barnard") to serve as the replacement powerhouse contractor on AMP's Smithland Hydroelectric Project ("Smithland Project"), which is one of the three projects constituting the Combined Hydroelectric Projects replacing C.J. Mahan whose contract was terminated by mutual agreement between AMP and C.J. Mahan. Barnard is a highly experienced hydropower construction contractor. AMP and Barnard are working together to achieve an orderly transition of the Smithland Project from the prior powerhouse contractor. Nearly all of the subcontractors currently working on the Smithland Project have been retained. The Project Engineer, MWH Americas, Inc., all owner furnished equipment suppliers and all other prime contractors remain in place.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). As of December 31, 2015 the total outstanding Hydro Project debt on AMP's books is approximately \$2,017,829,118. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

AMP issued the Combined Hydro Project Revenue Bonds, Series 2016A (Green Bonds) (the "Series 2016A Bonds") for \$194,500,000 on October 6, 2016. The bonds will finance final completion costs and also reimbursement to the AMP credit line, which provided interim financing for costs related to the construction of the three run-of the-river hydroelectric facilities (8 units) along the Ohio River, fund a deposit to the Parity Common Reserve Account, deposit to Escrow Account and pay the cost of issuance of the Series 2016A. The purpose of the "Green bonds" label is to allow investors to invest in an environmentally beneficial project.

The Village of Woodville has executed a take-or-pay power sales contract with AMP for 200 kW or 0.10% of capacity and associated energy from the Combined hydro facilities.

D. AMP Fremont Energy Center (AFEC)

In 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 WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(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 the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2015 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$529,225,000.

The Village has executed a take-or-pay power sales contract with AMP for 0.02% or 90 kW of capacity and associated energy from the AFEC facility.

E. Combustion Turbine Project

In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its \$13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the "CT Bonds"). The CT Bonds are payable from amounts received by AMP from the participating Members under power schedules. The CT Bonds are secured by an irrevocable, direct-pay letter of credit (the "CT Letter of Credit") issued by KeyBank. AMP is liable under a reimbursement agreement to pay all amounts drawn under the CT Letter of Credit to the extent not paid by the participating Members. As of December 31, 2015, \$2,953,222 aggregate principal amount of the CT Bonds was outstanding. The Village has subscribed for 800 kW.

The Village purchases 3.5 MW of power from AMP under a power schedule for AMP's Combustion Turbine Project. Based on the 3.89% swapped, fixed interest rate payable by AMP and the existing amortization schedule agreed to with KeyBank as the issuer of the CT Letter of Credit. AMP terminated the swap and the letter of credit agreement with KeyBank, and optionally redeemed the outstanding \$9,205,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006, on November 1, 2013, by utilizing unencumbered funds and a draw on AMP's Line of Credit, a lower cost of borrowing.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F) Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% of their wages from July 1, 2014 through June 30, 2015. On July 1, 2015, the rate increased to 12.25%. For 2015 the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), 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, 2014 the plan lowered its retention to 47% 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 772 members as of December 31, 2015.

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, 2015.

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

	<u>2015</u>
Assets	\$14,643,667
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u>\$ 5,531,637</u>

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. AMP OHIO REVENUE COVERAGE

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 1A. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

	2015
Total Fund Cash Balance	\$1,241,025
Total Long-Term Debt	\$550,000
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,695,231
Other Operating Receipts	43,894
Total Operating Receipts	1,739,125
 Operating Expenses	 1,517,902
 Operating Income	 221,223
 Nonoperating Receipts (Disbursements)	
Sale of Notes	550,000
Property and Other Local Taxes	(3,038)
Principal Payments	(650,000)
Interest Payments	(15,643)
Transfers	54,045
Change in Fund Cash Balance	156,587
Beginning Fund Cash Balance	1,084,438
Ending Fund Cash Balance	\$1,241,025
 Condensed Cash Flows Information:	
	2015
Net Cash Provided by:	
Operating Activities	\$221,223
Noncapital Financing Activities	
Other Noncapital Financing Activities	51,007
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	550,000
Principal Payments on Capital and Related Debt	(650,000)
Interest Payments on Capital and Related Debt	(15,643)
Net Cash Used by Capital and Related Financing Activities	(115,643)
Net Increase	156,587
Beginning Fund Cash Balance	1,084,438
Ending Fund Cash Balance	\$1,241,025

11. SUBSEQUENT EVENT

On April 26, 2016, the Village refunded \$114,446 to a large electric user due to an error in a new meter reader resulting in an overcharge for electric usage in 2015.

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**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$332,113	\$8,626		\$340,739
Intergovernmental	108,980	236,269		345,249
Charges for Services	12,083	23,519		35,602
Fines, Licenses and Permits	102,332	1,199		103,531
Earnings on Investments	6,762	8		6,770
Miscellaneous	28,638	849		29,487
<i>Total Cash Receipts</i>	<u>590,908</u>	<u>270,470</u>		<u>861,378</u>
Cash Disbursements				
Current:				
Security of Persons and Property	348,440	10,247		358,687
Public Health Safety	1,130			1,130
Leisure Time Activities	5,211	37,225		42,436
Community Environment	4,428			4,428
Transportation	23,153	62,185		85,338
General Government	136,924	141,669		278,593
Capital Outlay	72,412	30,911		103,323
<i>Total Cash Disbursements</i>	<u>591,698</u>	<u>282,237</u>		<u>873,935</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(790)</u>	<u>(11,767)</u>		<u>(12,557)</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(62,085)			(62,085)
Other Financing Sources	8,363			8,363
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(53,722)</u>	<u>10,000</u>		<u>(43,722)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(54,512)</u>	<u>(1,767)</u>		<u>(56,279)</u>
<i>Fund Cash Balances, January 1</i>	<u>140,092</u>	<u>222,418</u>	<u>\$7,460</u>	<u>369,970</u>
Fund Cash Balances, December 31				
Restricted		220,651	7,460	228,111
Assigned	80,145			80,145
Unassigned	5,435			5,435
<i>Fund Cash Balances, December 31</i>	<u>\$85,580</u>	<u>\$220,651</u>	<u>\$7,460</u>	<u>\$313,691</u>

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,475,201
Miscellaneous	122,146
	<u>2,597,347</u>
 Operating Cash Disbursements	
Personal Services	475,376
Travel Transportation	1,400
Contractual Services	1,367,859
Supplies and Materials	144,738
Capital Outlay	1,058,793
	<u>3,048,166</u>
 <i>Total Operating Cash Disbursements</i>	<u>3,048,166</u>
 <i>Operating Loss</i>	<u>(450,819)</u>
 Non-Operating Receipts (Disbursements)	
Intergovernmental	310,367
Sale of Notes	650,000
Other Debt Proceeds	635,525
Property and Other Local Taxes	(2,433)
Principal Retirement	(1,302,397)
Interest and Other Fiscal Charges	(18,115)
	<u>(18,115)</u>
 <i>Total Non-Operating Receipts (Disbursements)</i>	<u>272,947</u>
 <i>Loss before Transfers</i>	<u>(177,872)</u>
 Transfers-In	<u>52,085</u>
 <i>Net Change in Fund Cash Balance</i>	<u>(125,787)</u>
 <i>Fund Cash Balance, January 1</i>	<u>2,240,090</u>
 <i>Fund Cash Balance, December 31</i>	<u>\$2,114,303</u>

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

The Village participates in two joint ventures. These organizations are:

Ohio Municipal Electric Generation Agency Joint Venture 2 JV2)

The Village of Woodville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .06% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project shares, ownership of which is held in trust for such Purchaser Participants

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2 including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2014, the outstanding debt was \$11,938,283. The Village's net investment in OMEGA JV2 was \$11,935 at December 31, 2014. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2014 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	100.00%	134,081

Ohio Municipal Electric General Agency Joint Venture 5(JV5)

The Village of Woodville is a Financing Participant with an ownership percentage of .50 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior

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electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient to order to maintain a debt coverage ration equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2014, Woodville has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non- defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000 which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

On February 15, 2014, all of the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMO's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2014 to \$57,679,473. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$14,939 at December 31, 2014. Complete financial statements for JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Federal Emergency Management Agency – This fund receive federal funding for the acquisition and relocation of at-risk property for open space purposes.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Construction Fund – This fund had no activity and holds a leftover balance from a previous capital project.

Other Capital Projects – This fund had no activity and holds a leftover balance from a previous capital project.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover

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water service costs.

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

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

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Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2014
Demand deposits	\$1,527,944
Certificates of deposit	900,000
Cash on Hand	50
Total deposits	<u>\$ 2,427,994</u>

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

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3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$536,651	\$599,271	\$62,620
Special Revenue	157,105	280,470	123,365
Enterprise	3,430,000	4,245,324	815,324
Total	\$4,123,756	\$5,125,065	\$1,001,309

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$673,000	\$656,873	\$16,127
Special Revenue	357,650	290,137	67,513
Capital Projects	6,500		6,500
Enterprise	4,647,634	4,400,383	247,251
Total	\$5,684,784	\$5,347,393	\$337,391

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

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	Principal	Interest Rate
Ohio Water Development Authority Loan # 5795	\$7,884,524	0.00%
Ohio Water Development Authority Loan # 5688	332,432	0.00%
Ohio Water Development Authority Loan # 5557	122,636	0.00%
Ohio Water Development Authority Loan # 6545	363,536	1.50%
Ohio Public Works Commission Loan #CE26H	45,957	0.00%
Ohio Public Works Commission Loan #CE26B	61,972	0.00%
Ohio Public Works Commission Loan #CT13F	8,266	0.00%
AMP Note	650,000	1.10%
Police Pension Liability	38,908	4.00%
Total	\$9,508,231	

The Ohio Water Development Authority (OWDA) loan #5795 relates to the sewer separation project. OWDA has agreed to loan the Village \$9,407,083 for this project. The Village will repay the loan in semi-annual installments over 10 years. The loan is still in open status; therefore no amortization schedule is available at this time. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5688 relates to the well filed expansion project. OWDA has agreed to loan the Village \$507,160. The Village will repay the loan in semi-annual installments over 20 years. The loan is still in open status; therefore no amortization schedule is available at this time. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5557 relates to the raw waterline project. OWDA has agreed to loan the Village \$271,568, \$121,646 of which was forgiven by an ARRA grant received by the Village. The Village will pay the remaining balance in semi-annual installments of \$3,716 over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #6545 relates to the Port Clinton Road pump station replacement project. OWDA has agreed to loan the Village \$435,927. The Village will repay the loan in semiannual installments over 30 years. The loan is still in open status; therefore no amortization schedule is available at this time. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE26H relates to the phase I waterline improvement project. OPWC loaned the Village \$306,381 for this project. The Village will repay the loan in semi-annual installments of \$15,319 over 10 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE26B relates to a wastewater treatment plant improvement project. OPWC loaned the Village \$177,065 for this project. The Village will repay the loan in semi-annual installments of \$4,427 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT13F relates to the West Main Street waterline loop improvements. OPWC loaned the Village \$17,404 for this project. The Village will repay the loan in semi-annual installments of \$435 over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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requirements.

The Amp-Ohio Note relates to a Bond Anticipation Note issued by Amp-Ohio on behalf of the Village for an operations building and electric substation project. The note is collateralized by electric receipts.

The Police Pension liability is a legal liability for past service cost to the Police and Fire Pension Fund which arose when the fund was established. The remaining unfunded pension liability is to be amortized in semi-annual installments through 2035. Payments are made from the Police Pension Special Revenue Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA #5557	OPWC CE26H	OPWC CE26B	OPWC CE13F	POLICE PENSION	AMP-Ohio
2015	\$ 7,432	\$ 30,638	\$ 8,853	\$ 870	\$ 2,866	\$ 665,642
2016	7,432	15,319	8,853	870	2,866	
2017	7,432		8,853	870	2,866	
2018	7,432		8,853	870	2,866	
2019	7,432		8,853	870	2,866	
2020-2024	37,162		17,707	3,916	14,331	
2025-2029	37,162				14,331	
2030-2034	11,152				14,331	
2035-2039					1,304	
2040-2044						
Total	<u>\$122,636</u>	<u>\$45,957</u>	<u>\$61,972</u>	<u>\$8,266</u>	<u>\$58,627</u>	<u>\$665,642</u>

6. LONG TERM PURCHASE COMMITMENTS

A. American Municipal Power Generating Station (AMPGS)

The Village of Woodville is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 800 kilowatts of a total 771,281 kilowatts, giving the Village a 0.10 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$139,427. The Village received a credit of \$9,672 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$36,180 related to the AMPGS costs deemed to have future benefit for the project participants, and payments made of \$32,440 leaving a net impaired cost estimate of \$61,135. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. The Village made payments in 2014 totaling \$47,654 leaving a net impaired cost estimate of \$14,330 at December 31, 2014.

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The Village intends to recover these costs and repay AMP through a power cost adjustment.

B. Prairie State Energy Campus (68 Members)

On December 20, 2007, AMP acquired 368,000 kW 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.

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. 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. As of December 31, 2014 the outstanding obligation on Prairie State project is \$1,608,235,000.

The Village of Woodville has executed a take-or-pay power sales contract with AMP for a Project Share of 498 kW or 0.14% kW of capacity and associated energy from the Prairie State facility.

C. Combined Hydroelectric Projects

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "Combined Hydroelectric Projects"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively in 2009. Ground breaking ceremonies were held for Cannelton on August 25, 2009 and for Smithland on September 1, 2010. AMP received the last of the material permits for the Willow Island hydroelectric facility in the last quarter of 2010 and ground breaking ceremonies took place on July 21, 2011.

The Cannelton Hydro Project (88MW), now in operation as of 2016, is located on the Kentucky

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shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May 31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

The Willow Island Hydro Project, 44MW, now in operation, diverts water from the existing Willow Island Locks and Dam through bulb turbines. The FERC license for the Willow Project expires August 31, 2030. Average gross annual output is 279 million kWh. The powerhouse houses two horizontal 29.3 MW bulb type turbines and generating units.

The Smithland Hydro Project (76MW) is located 62.5 miles upstream of the confluence of the Ohio and Mississippi Rivers. The Smithland project has a FERC license that expires May 31, 2038. The powerhouse houses three horizontal 29.3 MW bulb type turbines and generating units. Average gross annual output is 379 million kWh. AMP expects the three unit Smithland Hydro Project (76MW) to be in commercial operation by first quarter of 2017.

Please note that these projected commercial operation dates set forth above are, and the other information herein is, subject to change and are dependent on a number of factors affecting each Project's overall remaining construction schedule, including weather. As a result, the commercial operation dates may occur earlier or later than the time frames set forth above.

On February 12, 2015, AMP reached agreement with Barnard Construction Company, Inc. ("Barnard") to serve as the replacement powerhouse contractor on AMP's Smithland Hydroelectric Project ("Smithland Project"), which is one of the three projects constituting the Combined Hydroelectric Projects replacing C.J. Mahan whose contract was terminated by mutual agreement between AMP and C.J. Mahan. Barnard is a highly experienced hydropower construction contractor. AMP and Barnard are working together to achieve an orderly transition of the Smithland Project from the prior powerhouse contractor. Nearly all of the subcontractors currently working on the Smithland Project have been retained. The Project Engineer, MWH Americas, Inc., all owner furnished equipment suppliers and all other prime contractors remain in place.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). As of December 31, 2014 the total outstanding Hydro Project debt on AMP's books is approximately \$2,045,425. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

The Village of Woodville has executed a take-or-pay power sales contract with AMP for 200 kW or 0.10% of capacity and associated energy from the Combined hydro facilities.

D. AMP Fremont Energy Center (AFEC)

In 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.

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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 the 87 members, pursuant to a take-or-pay power sales contract. As of December 31, 2014 the outstanding obligation on the Fremont Energy Center ("AFEC") on AMP's books is \$537,700,000.

The Village has executed a take-or-pay power sales contract with AMP for 0.02% or 90 kW of capacity and associated energy from the AFEC facility.

E. Combustion Turbine Project

In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its \$13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the "CT Bonds"). The CT Bonds are payable from amounts received by AMP from the participating Members under power schedules. The CT Bonds are secured by an irrevocable, direct-pay letter of credit (the "CT Letter of Credit") issued by KeyBank. AMP is liable under a reimbursement agreement to pay all amounts drawn under the CT Letter of Credit to the extent not paid by the participating Members. As of December 31, 2014, \$5,298,886 aggregate principal amount of the CT Bonds was outstanding. The Village has subscribed for 800 kW.

The Village purchases 3.5 MW of power from AMP under a power schedule for AMP's Combustion Turbine Project. Based on the 3.89% swapped, fixed interest rate payable by AMP and the existing amortization schedule agreed to with KeyBank as the issuer of the CT Letter of Credit. AMP terminated the swap and the letter of credit agreement with KeyBank, and optionally redeemed the outstanding \$9,205,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006, on November 1, 2013, by utilizing unencumbered funds and a draw on AMP's Line of Credit, a lower cost of borrowing.

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7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F) Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 10.75% of their wages from July 8, 2013 through July 6, 2014. On July 7, 2014, the rate increased to 11.50%. For 2014 the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), 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, 2014 the plan lowered its retention to 47% 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 783 members as of December 31, 2014.

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, 2014.

	<u>2014</u>
Assets	\$14,830,185
Liabilities	<u>(8,942,504)</u>

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

Members' Equity \$ 5,887,681

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

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. AMP OHIO REVENUE COVERAGE

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 1A. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	2014
Total Fund Cash Balance	\$1,084,439
Total Long-Term Debt	\$650,000
Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,433,854
Other Operating Receipts	103,039
Total Operating Receipts	1,536,893
Operating Expenses	1,414,017
Operating Income	122,876
Nonoperating Receipts (Disbursements)	
Sale of Notes	650,000
Property and Other Local Taxes	(2,433)
Principal Payments	(750,000)
Interest Payments	(18,115)
Transfers	52,085
Change in Fund Cash Balance	54,413
Beginning Fund Cash Balance	1,030,025
Ending Fund Cash Balance	<u>\$1,084,438</u>
Condensed Cash Flows Information:	
	2014
Net Cash Provided by:	
Operating Activities	\$122,876
Noncapital Financing Activities	
Other Noncapital Financing Activities	49,652
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	650,000
Principal Payments on Capital and Related Debt	(750,000)
Interest Payments on Capital and Related Debt	(18,115)
Net Cash Used by Capital and Related Financing Activities	(118,115)
Net Increase	54,413
Beginning Fund Cash Balance	1,030,025
Ending Fund Cash Balance	<u>\$1,084,438</u>

11. SUBSEQUENT EVENT

On April 26, 2016, the Village refunded \$114,446 to a large electric user due to an error in a new meter reader resulting in an overcharge for electric usage in 2015.



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 Woodville
Sandusky County
530 Lime Street, P.O. Box 156
Woodville, Ohio 43460-0156

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 cash balances, receipts, and disbursements by fund type of the Village of Woodville, Sandusky County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 13, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 13, 2016

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

Financial Reporting

The Village's management is responsible for the fair presentation of the financial statements. In addition, Estimated receipts adopted by Council and approved by the Budget Commission should agree to the estimated receipts posted in the accounting system and budgetary note. Errors were noted in the financial statements and notes, resulting in the following audit adjustments:

- Debt Proceeds and Capital Outlay disbursements for amounts paid by OPWC and OWDA directly to vendors on behalf of the Village were not accounted for in the Enterprise Water fund (\$139,472 – 2015)
- Debt Proceeds and Capital Outlay disbursements for amounts paid by OWDA directly to vendors on behalf of the Village were not accounted for in the Enterprise Sewer Fund (\$602,881 - 2014)
- Intergovernmental Receipts and Capital Outlay disbursements for amounts paid by OPWC directly to vendors on behalf of the Village were not accounted for in the Enterprise Sewer fund (\$286,269- 2014)
- Intergovernmental Receipts and Capital Outlay disbursements for amounts paid by OPWC directly to vendors on behalf of the Village were not accounted for in the Enterprise Water fund (\$76,030 - 2015)
- OWDA Debt Proceeds in the Enterprise Sewer fund were improperly accounted for as Intergovernmental Revenue (\$32,644 – 2014);
- In 2014, estimated receipts posted to the accounting system and budgetary notes in the General and Special Revenue funds did not agree to the approved amounts by \$29,949 and \$148,595 respectively;
- In 2015, estimated receipts posted to the accounting system and budgetary notes in the General and Special Revenue funds did not agree to the approved amounts by \$6,605 and \$33,283 respectively.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements and notes have been adjusted to correct these errors. Additional errors were noted in smaller relative amounts and either adjusted or included on the Summary of Unadjusted Differences.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by Council and audit committee to identify and correct errors, omissions, and misclassifications.

Officials' Response:

We did not receive a response from Officials to this finding.

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material Weakness due to errors in financial reporting.	Not corrected.	Repeated in this report as finding 2015-001. The Fiscal Officer did not learn the proper way to record 'paid on behalf of' loans and grants and continued to make the same error. The Fiscal Officer will ensure these are recorded correctly in the future.



Dave Yost • Auditor of State

VILLAGE OF WOODVILLE

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 29, 2016