



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF CAREY  
 WYANDOT COUNTY  
 DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITOR'S REPORT

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316-1056

To the Village Council:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

November 12, 2020

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(UNAUDITED)*

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This discussion and analysis of the Village of Carey's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2019, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

***Financial Highlights***

Key highlights for 2019 are as follows:

- In total, net position decreased \$101,612. Net position of governmental activities decreased \$77,971, which represents a 5 percent decrease from 2018. Net position of business-type activities decreased \$23,641 or less than 1 percent decrease from 2018.
- The Village's general receipts accounted for \$10,127,490 or 47 percent of all receipts. Program specific receipts in the form of charges of services and sales and operating and capital grants, contributions and interest accounted for \$11,541,959 or 53 percent of total receipts of \$21,669,449.
- Total program disbursements were \$22,771,061; \$2,650,458 in governmental activities and \$19,120,603 in business-type activities.
- Outstanding debt increased from \$7,705,808 to \$9,046,518.

***Using the Basic Financial Statements***

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. In the case of the Village of Carey, the General fund is the most significant governmental fund. The Sewer, Electric, and Storm Water Utility funds are the most significant enterprise funds.

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

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**Wyandot County, Ohio**  
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**Basis of Accounting**

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

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

***Reporting the Village of Carey as a Whole***

*Statement of Net Position and the Statement of Activities*

*The Statement of Net Position and the Statement of Activities* reflect how the Village did financially during 2019, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

Governmental Activities - The Village's basic services are reported here, including general government, security of persons and property, community environment, leisure time activities and transportation. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the disbursements of goods or services provided. The Village's water, sewer, electric, storm water, utility deposit, utility sinking, and recycling funds are reported as business-type activities.



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***Reporting the Village of Carey's Most Significant Funds***

*Fund Financial Statements*

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

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

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The enterprise fund has three major funds, the Sewer, Electric, and Storm Water Utility funds.

***The Village of Carey as a Whole***

Table 1 provides a summary of the Village's net position for 2019 compared to 2018 on a cash basis:

**Table 1**  
**Net Position**

	Governmental Activities			Business-Type Activities		
	2019	2018	Change	2019	2018	Change
<b>Assets</b>						
Equity Pooled in Cash and Cash Equivalents	\$ 1,341,329	\$ 1,419,300	\$(77,971)	\$ 10,198,071	\$ 10,221,712	\$ (23,641)
<b>Net Position</b>						
Restricted	332,961	287,124	45,837	0	0	0
Unrestricted	1,008,368	1,132,176	(123,808)	10,198,071	10,221,712	(23,641)
<i>Total Net Position</i>	<u>\$ 1,341,329</u>	<u>\$ 1,419,300</u>	<u>\$(77,971)</u>	<u>\$ 10,198,071</u>	<u>\$ 10,221,712</u>	<u>\$ (23,641)</u>

In 2019, total equity pooled in cash and cash equivalents decreased \$101,612. Refer to additional discussion of factors causing this decrease on page 7.

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Table 2 reflects the changes in net position on a cash basis in 2019 and 2018 for governmental activities, business-type activities and total primary government.

**Table 2**  
**Changes in Net Position**

	Governmental Activities			Business-Type Activities		
	2019	2018	Change	2019	2018	Change
<b>Receipts</b>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$ 111,748	\$ 95,964	\$ 15,784	\$ 10,651,251	\$ 11,065,682	\$ (414,431)
Operating Grants, Contributions and Interest	246,379	285,975	(39,596)	525,979	18,034	507,945
Capital Grants, Contributions and Interest	6,602	270,491	(263,889)	0	0	0
<i>Total Program Receipts</i>	<u>364,729</u>	<u>652,430</u>	<u>(287,701)</u>	<u>11,177,230</u>	<u>11,083,716</u>	<u>93,514</u>
<i>General Receipts:</i>						
Property Taxes	68,869	79,610	(10,741)	0	0	0
Income Taxes	1,413,921	1,422,343	(8,422)	706,642	711,172	(4,530)
Other Local Taxes	386,025	359,990	26,035	0	0	0
Grants and Entitlements	81,917	61,276	20,641	0	0	0
Sale of Assets	32,452	20,000	12,452	2,550	0	2,550
Proceeds of Loans and Bonds	0	291,281	(291,281)	2,559,975	431,920	2,128,055
Proceeds from Notes	0	0	0	4,585,000	4,870,000	(285,000)
Premium on Notes	0	0	0	34,250	0	34,250
Investment Earnings	119,682	64,684	54,998	0	0	0
Miscellaneous	104,892	65,385	39,507	31,315	24,640	6,675
<i>Total General Receipts</i>	<u>2,207,758</u>	<u>2,364,569</u>	<u>(156,811)</u>	<u>7,919,732</u>	<u>6,037,732</u>	<u>1,882,000</u>
<i>Total Receipts</i>	<u>2,572,487</u>	<u>3,016,999</u>	<u>(444,512)</u>	<u>19,096,962</u>	<u>17,121,448</u>	<u>1,975,514</u>
<b>Disbursements</b>						
General Government	396,411	450,126	(53,715)	0	0	0
Security of Persons and Property	1,551,570	1,368,148	183,422	0	0	0
Public Health	20,338	21,930	(1,592)	0	0	0
Leisure Time Services	124,485	95,374	29,111	0	0	0
Community and Economic Development	3,744	4,484	(740)	0	0	0
Basic Utility Service	750	3,256	(2,506)	0	0	0
Transportation	183,068	305,437	(122,369)	0	0	0
Capital Outlay	245,087	636,156	(391,069)	0	0	0
Principal Retirement	107,228	382,068	(274,840)	0	0	0
Interest and Fiscal Charges	17,777	19,296	(1,519)	0	0	0
Enterprise Operations:						
Electric	0	0	0	13,387,447	14,961,689	(1,574,242)
Recycling	0	0	0	76,944	100,370	(23,426)
Sewer	0	0	0	4,840,060	1,214,920	3,625,140
Storm Water Utility	0	0	0	102,620	100,889	1,731
Utility Deposit	0	0	0	34,678	32,309	2,369
Water	0	0	0	593,037	415,875	177,162
Utility Bond Debt Service	0	0	0	85,817	87,787	(1,970)
<i>Total Disbursements</i>	<u>2,650,458</u>	<u>3,286,275</u>	<u>(635,817)</u>	<u>19,120,603</u>	<u>16,913,839</u>	<u>2,206,764</u>
<i>Change in Net Position</i>	(77,971)	(269,276)	191,305	(23,641)	207,609	(231,250)
<i>Net Position Beginning of Year</i>	<u>1,419,300</u>	<u>1,688,576</u>	<u>(269,276)</u>	<u>10,221,712</u>	<u>10,014,103</u>	<u>207,609</u>
<i>Net Position End of Year</i>	<u>\$ 1,341,329</u>	<u>\$ 1,419,300</u>	<u>\$ (77,971)</u>	<u>\$ 10,198,071</u>	<u>\$ 10,221,712</u>	<u>\$ (23,641)</u>

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**Governmental Activities**

Program receipts represent only 14 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to nearby governments for police services provided under contract.

General receipts represent 86 percent of the Village's total receipts, and of this amount, 85 percent are taxes. State and federal grants and entitlements make up 4 percent of the Village's general receipts. Other receipts, such as investments earnings and bonds issued make up 11 percent of general receipts.

Disbursements for general government represent the costs of running the Village and the support services provided for the other government activities. These include the costs of the Mayor, Council, Village Administrator, Fiscal Officer and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, the Village tries to limit these costs to 7 percent of general fund unrestricted receipts.

Security of persons and property are the costs of police and fire protection and represent the largest disbursement of government activities, representing 59 percent of the total disbursements. Capital outlay disbursements represent 9 percent of total distributions, primarily due to ongoing projects within the Village. Principal retirement decreased primarily due to repayment of the State Infrastructure Bank (SIB) loan in 2018.

**Business-type Activities**

Business-type activities include water, sewer, electric, storm water, utility deposit, utility bond debt service, and recycling operations. The receipts are generated primarily from charges for services. In 2019, operating grants increased primarily due to grants received from the Ohio Public Works Commission (OPWC) for a lift station and from the Economic Development Administration (EDA) for the Municipal Electrical Systems upgrade. The increase in general receipts is due to proceeds received from the AMP note and the Automated Meter Information (AMI) Loan in 2019.

The total disbursements for the utilities increased in 2019. This increase is primarily due to disbursements for the water pollution control project. The Village had a decrease in net position for the business-type activities.

***The Village's Funds***

The fund balance of the general fund decreased for year-end 2019, primarily due to transfers out for the purpose of debt payments.

Net position in the sewer fund decreased, primarily due to disbursements for the water pollution control project. The increase in proceeds from loans correlates with the offsetting increase in capital outlay disbursements from capital projects.

Net position in the electric fund increased primarily due to the decrease in disbursements for contractual services.

Net position in the storm water utility fund increased due to an increase in charges for services coupled with a decrease in total disbursements.

**Village of Carey**  
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**General Fund Budgeting Highlights**

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

During the course of 2019, the Village amended its general fund budget on various occasions. All recommendations for appropriation changes come to Council from the Village Fiscal Officer. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

**Original Budget Compared to Final Budget** During the course of fiscal year 2019, there was a need for the Village to amend its original estimated revenues. There was also a need to increase budgeted disbursements for general government and security of persons and property. These increases were not significant.

**Final Budget Compared to Actual Results** The most significant differences between estimated disbursements and actual disbursement were disbursement for general government and security for persons and property. These disbursements were lower than the final budgeted disbursements as cost savings were recognized during the year.

**Debt Administration**

**Debt**

Table 3 summarizes outstanding debt at December 31, 2019 and 2018.

**Table 3**  
**Outstanding Debt, at December 31**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 651,600	\$ 738,500	\$ 0	\$ 0	\$ 651,600	\$ 738,500
Revenue Bonds	0	0	370,000	444,000	370,000	444,000
OPWC Loans	0	0	34,666	40,443	34,666	40,443
OWDA Loans	0	0	3,166,578	1,520,025	3,166,578	1,520,025
AMI Loan	0	0	208,475	0	208,475	0
AMP Note	0	0	4,585,000	4,870,000	4,585,000	4,870,000
Lease Purchase	6,780	27,108	23,419	65,732	30,199	92,840
<i>Total</i>	<u>\$ 658,380</u>	<u>\$ 765,608</u>	<u>\$ 8,388,138</u>	<u>\$ 6,940,200</u>	<u>\$ 9,046,518</u>	<u>\$ 7,705,808</u>

During 2019, debt increased primarily due to the addition of an Ohio Water Development Authority (OWDA) loan for water pollution control offset by principal payments made throughout the year. Additional information concerning the Village's debt can be found in Note 11 to the basic financial statements.

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***Current Issues***

This was another year of completion for multiple utility projects, as well as acting on the ongoing local commitment to new infrastructure projects and improvements. Having completed the CSP Substation & 69kV pole line, we turned our attention to a related project, for which we are not the owner, but rather at the mercy of American Electric Power (AEP). Back in 1995, the village installed a second feed to the AEP grid, from the southwest. Over time, that feed has been outgrown and the existing small conductor sizes can actually perform as fuses, tripping protection equipment, burning out & dropping service. Therefore, in the interim, AEP opted to implement a switching scheme temporarily, making the northeast feeder as the only path, thereby eliminating the redundancy we previously had. To regain that backup for the village we have worked with and lobbied AEP for, a permanent solution. They have indeed responded as part of a major improvement plan to build a “new” feed from the west. That will require our installing new switching and metering equipment at the juncture of our new pole line and their high voltage equipment. The estimated costs started about \$430,000 but through negotiations have been reduced to about \$260,000. Other local projects are still on going, but this will be the most important long term.

We are continuing to execute the next phases of our planned system improvements in the form of additional voltage conversion work (started back in 2018) to multiple non-industrial locations on the southeast, and the new subdivision primary voltage for homes & businesses in the southwest portions of the village. A minimum of three more planned conversion phases remain to be completed, and several larger projects required due to aging (1946 & 1957) substation equipment, there is no shortage of work for our personnel to perform In-House. The engineering is also ongoing behind the scenes for the required switchgear and breaker reliability upgrades which have been looming. Funds availability however will determine the actual start of those projects. We do not want to exceed any covenant requirements for cash on hand.

The Village has completed the selection of the “lowest and best” proposal from the published RFP respondents for the Automated Meter Information (AMI) system (for both water and electric meters). Software integration has been performed and a majority of the physical hardware (radios, collectors, repeaters, meters, etc) has been installed as of December 2019. Financing has been through ACH draws against the secured \$950,000 bank note previously identified and approved by council for work performed in 2019.

The multi-year, annually appropriated plan of attack for the cleaning, sandblasting and recoating of the inside of both the 135,000 gallon standpipe (W Findlay St) and the 250,000 gallon elevated storage tank (Ogg St) was completed this year. Exterior work will be more involved – tenting, sandblasting, lead paint abatement etc, and will be performed in consecutive years. SUEZ Water has been a great partner so far.

The OEPA required Asset Management program for Water continues to gather information. Both Geologic Information System (aerials) / Global Positioning System (satellite) hardware and the associated software to contain the information gathered by Public Works personnel is in place and functioning. Specific locations are being systematically entered as time allows, OR when a physical correction is identified during maintenance or repair events. The ‘tablets’ are being routinely integrated by all departments not just the initial driver, which was the Public Water Supply.

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The Bids were released and the “Lowest & Best” was determined to be Jones & Henry for Construction Oversight, Plant Design and owner representation when issues arise or clarification is needed. The Peterson Construction Company was selected as Lowest & Best with a bid of \$10,813,000 for the project. Construction Phase of the wastewater treatment plant build (being financed through OWDA / DEFA) is nearly 35 percent complete. Further, additional work on the WWTP site includes cleaning and disposal of the bio-solids contained in the polishing ponds, estimated at another \$700,000 but proposed as an option, which we accepted. This work has been started by a subcontractor only about 25 percent complete at year end.

The Village bid was applied for, ranked and was successful in obtaining a second grant through the Ohio Public Works Commission, Issue program (Round 32) to rehabilitate a 1971 (48 year old) sanitary lift station serving the south west business corridor entering the village from the four-lane US 23. That work was completed mid-year. We also made application for another Wastewater Collection System Project in Round 33, (Patterson Street Lift Station), but did not receive funding for that project.

As part of our economic development efforts, we completed infrastructure improvements which serve the new Arrowhead Commerce Park, thanks to pledged grant assistance from both ODOT Jobs and Commerce (up to \$100,000) and Ohio Developmental Services Agency, 629 Roadway (up to \$112,250) funding. Since both were reimbursement funding, we entered into an agreement with the ODOT State Infrastructure Bank program for both this project and a CSP Roadway Project, allowing local funds to be spread over multiple years instead of imposing a stranglehold on the Capital Improvement budget accounts. Both projects were finished and grant funds reimbursed in 2018 allowing the Village to repay all funds owed to the State Infrastructure Bank. Grant reimbursements for the projects totaled \$270,491 leaving \$22,790 to be paid from the Capital Improvement Fund.

The Arrowhead Commerce Park continues to grow and prosper. The initial anchor tenant for Arrowhead, HANON, LLC, has nearly doubled the size of their foot print and is already eying a third addition in the near future. They continue to steadily increase their workforce, which adds to the income tax rolls. All current tax incentives have been functioning as anticipated.

The major equipment purchases during 2019 were for replacement service trucks and, paid in cash. The 17 year old Vactor was replaced with a VacCon unit serving the new maintenance requirements of the new WWTP and the Collection System more limited. The Public Works Department was able to obtain two vehicles and the WWTP also replaced a truck. All three were replacing aging and deteriorated equipment which ranged from 14-17 years old. The Police Department was able to secure a larger vehicle for the K-9 Officer to allow for a separate area to transport detainees.

In other areas, we saw continued success in the WyCo Collaborative action with the Sheriff, other law enforcement agencies and the Metrich multi-jurisdictional Drug Enforcement group. Our K-9 Officer, Ace, and his handler, Sgt Flick, continue to prove their worth as well.

General upgrading of IT equipment and software, such as laptops, tablets, several replacement monitors and printers in various departments, antivirus and malware protection for all administrative, wastewater, public works, utility billing and electric computers is an ongoing process. But the decision to move to the Software Solutions, “Very Intelligent Portfolio” software module upgrades have been approved and is now in motion. Other than minor patches to individual modules, this is the first major upgrade of all our software systems in many years. Looking forward to the intuitive logic employed to make all our jobs easier.

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
*(UNAUDITED)*  
*(Continued)*

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No problems were experienced with the Fire Department operations during 2018. Crawford Township received their annual credit for \$17,500 and contributed \$6,500 for fire protection services and current operations per the negotiated Fire Contract in force.

The two (2) megawatt solar array installed on the Village owned well field property and operated by Solar Planet Power, continues to operate well and produced approximately 2.54 megawatt-hours during 2019, down slightly from the prior year due to variation in hours of sunlight, changes in weather, etc. Additional hydropower sites along the Ohio River, which we subscribe to as AMP Joint Venture project participants, have come on line this year and have also added to the diversity of our power supply portfolio. Getting a little greener with each endeavor, and reducing the carbon footprint of both our Village residents and the local industrial base.

Electric Fund revenues remain stable for 2019, but may still need some upward adjustment in the foreseeable future to meet ever increasing O&M costs. A Consulting Engineer's Report is in progress, to allow moving from the AMP Line of Credit to a renewable Bond Anticipation Note, assisted by the OMAP program and the associated reduced interest rate. (The object of these funds include the outstanding balance of the \$5.5M substation and pole line project). Water Fund receipts are maintaining and when an AMI system is implemented should be increased conservatively 10-12 percent during the expected implementation year of 2019.

***Contacting the Village's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Laura Ewing, Fiscal Officer, Village of Carey, 127 N. Vance Street, Carey, Ohio 43316-1056, telephone 419-396-7681 or email [fiscalofficer@careyohio.org](mailto:fiscalofficer@careyohio.org).

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Net Position-Cash Basis*  
*December 31, 2019*

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	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,341,329	\$ 10,198,071	\$ 11,539,400
<b>Net Position</b>			
Restricted for:			
Other Purposes	\$ 332,961	\$ 0	\$ 332,961
Unrestricted	1,008,368	10,198,071	11,206,439
<i>Total Net Position</i>	\$ 1,341,329	\$ 10,198,071	\$ 11,539,400

See accompanying notes to the basic financial statements.



**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Activities-Cash Basis*  
*For the Year Ended December 31, 2019*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 396,411	\$ 29,649	\$ 4,615	\$ 0	\$ (362,147)	\$ 0	\$ (362,147)
Security of Persons and Property	1,551,570	45,681	1,050	6,602	(1,498,237)	0	(1,498,237)
Public Health	20,338	17,271	0	0	(3,067)	0	(3,067)
Leisure Time Services	124,485	19,147	0	0	(105,338)	0	(105,338)
Community and Economic Development	3,744	0	0	0	(3,744)	0	(3,744)
Basic Utility Service	750	0	0	0	(750)	0	(750)
Transportation	183,068	0	240,714	0	57,646	0	57,646
Capital Outlay	245,087	0	0	0	(245,087)	0	(245,087)
Debt Service:							
Principal Retirement	107,228	0	0	0	(107,228)	0	(107,228)
Interest and Fiscal Charges	17,777	0	0	0	(17,777)	0	(17,777)
<i>Total Governmental Activities</i>	<u>2,650,458</u>	<u>111,748</u>	<u>246,379</u>	<u>6,602</u>	<u>(2,285,729)</u>	<u>0</u>	<u>(2,285,729)</u>
<b>Business-Type Activities</b>							
Electric	13,387,447	9,281,486	329,510	0	0	(3,776,451)	(3,776,451)
Recycling	76,944	39,624	11,947	0	0	(25,373)	(25,373)
Sewer	4,840,060	433,971	184,522	0	0	(4,221,567)	(4,221,567)
Storm Water Utility	102,620	199,143	0	0	0	96,523	96,523
Utility Deposit	34,678	31,474	0	0	0	(3,204)	(3,204)
Water	593,037	665,553	0	0	0	72,516	72,516
Utility Bond Debt Service	85,817	0	0	0	0	(85,817)	(85,817)
<i>Total Business-Type Activities</i>	<u>19,120,603</u>	<u>10,651,251</u>	<u>525,979</u>	<u>0</u>	<u>0</u>	<u>(7,943,373)</u>	<u>(7,943,373)</u>
<i>Total Primary Government</i>	<u>\$ 21,771,061</u>	<u>\$ 10,762,999</u>	<u>\$ 772,358</u>	<u>\$ 6,602</u>	<u>(2,285,729)</u>	<u>(7,943,373)</u>	<u>(10,229,102)</u>
			<b>General Receipts:</b>				
			Property Taxes Levied for:				
			General Purposes	68,869	0	68,869	
			Income Taxes Levied for:				
			General Purposes	1,131,283	0	1,131,283	
			Parks and Recreation	141,319	0	141,319	
			Capital Improvements	141,319	0	141,319	
			Debt Retirement	0	706,642	706,642	
			Other Local Taxes	386,025	0	386,025	
			Grants and Entitlements not Restricted				
			to Specific Programs	81,917	0	81,917	
			Sale of Assets	32,452	2,550	35,002	
			Proceeds from Loans	0	2,559,975	2,559,975	
			Proceeds of Notes	0	4,585,000	4,585,000	
			Premium on Notes	0	34,250	34,250	
			Investment Earnings	119,682	0	119,682	
			Miscellaneous	104,892	31,315	136,207	
			<i>Total General Receipts</i>	<u>2,207,758</u>	<u>7,919,732</u>	<u>10,127,490</u>	
			<i>Change in Net Position</i>	<u>(77,971)</u>	<u>(23,641)</u>	<u>(101,612)</u>	
			<i>Net Position Beginning of Year</i>	<u>1,419,300</u>	<u>10,221,712</u>	<u>11,641,012</u>	
			<i>Net Position End of Year</i>	<u>\$ 1,341,329</u>	<u>\$ 10,198,071</u>	<u>\$ 11,539,400</u>	

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2019*

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 422,648</u>	<u>\$ 918,681</u>	<u>\$ 1,341,329</u>
<b>Fund Balances</b>			
Restricted	\$ 0	\$ 332,961	\$ 332,961
Committed	0	585,720	585,720
Assigned	199,606	0	199,606
Unassigned	223,042	0	223,042
<i>Total Fund Balances</i>	<u>\$ 422,648</u>	<u>\$ 918,681</u>	<u>\$ 1,341,329</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2019*

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$ 68,869	\$ 0	\$ 68,869
Income Taxes	1,131,283	282,638	1,413,921
Other Local Taxes	386,025	0	386,025
Special Assessments	8,927	0	8,927
Charges for Services	39,432	32,768	72,200
Licenses and Permits	3,526	0	3,526
Fines and Forfeitures	8,519	1,700	10,219
Intergovernmental	81,917	237,806	319,723
Interest	119,682	3,958	123,640
Rent	13,226	3,650	16,876
Contributions and Donations	4,615	6,602	11,217
Other	74,755	30,137	104,892
<i>Total Receipts</i>	<u>1,940,776</u>	<u>599,259</u>	<u>2,540,035</u>
<b>Disbursements</b>			
Current:			
General Government	396,411	0	396,411
Security of Persons and Property	1,548,858	2,712	1,551,570
Public Health	6,143	14,195	20,338
Leisure Time Services	0	124,485	124,485
Community Development	3,744	0	3,744
Basic Utility Service	750	0	750
Transportation	353	182,715	183,068
Capital Outlay	50,825	194,262	245,087
Debt Service:			
Principal Retirement	14,081	93,147	107,228
Interest and Fiscal Charges	0	17,777	17,777
<i>Total Disbursements</i>	<u>2,021,165</u>	<u>629,293</u>	<u>2,650,458</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(80,389)</u>	<u>(30,034)</u>	<u>(110,423)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Assets	0	32,452	32,452
Transfers In	0	103,924	103,924
Transfers Out	(103,924)	0	(103,924)
<i>Total Other Financing Sources (Uses)</i>	<u>(103,924)</u>	<u>136,376</u>	<u>32,452</u>
<i>Net Change in Fund Balance</i>	(184,313)	106,342	(77,971)
<i>Fund Balance Beginning of Year</i>	<u>606,961</u>	<u>812,339</u>	<u>1,419,300</u>
<i>Fund Balance End of Year</i>	<u>\$ 422,648</u>	<u>\$ 918,681</u>	<u>\$ 1,341,329</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$ 83,866	\$ 86,000	\$ 68,869	\$ (17,131)
Income Taxes	1,194,826	1,225,225	1,131,283	(93,942)
Other Local Taxes	351,068	360,000	386,025	26,025
Special Assessments	390	400	8,927	8,527
Charges for Services	35,789	36,700	39,432	2,732
Licenses and Permits	5,802	5,950	3,526	(2,424)
Fines and Forfeitures	10,240	10,500	8,519	(1,981)
Intergovernmental	65,606	67,275	81,917	14,642
Interest	58,609	60,100	119,682	59,582
Rent	15,603	16,000	13,226	(2,774)
Contributions and Donations	19,016	19,500	4,615	(14,885)
Other	113,109	115,987	74,755	(41,232)
<i>Total Receipts</i>	1,953,924	2,003,637	1,940,776	(62,861)
<b>Disbursements</b>				
Current:				
General Government	554,625	552,545	398,507	154,038
Security of Persons and Property	1,638,020	1,736,347	1,573,632	162,715
Public Health	8,000	8,000	6,143	1,857
Community and Economic Development	18,718	18,718	3,744	14,974
Basic Utility Service	5,000	5,000	750	4,250
Transportation	60,000	60,000	353	59,647
Capital Outlay	90,419	90,419	50,825	39,594
Debt Service:				
Principal Retirement	14,081	14,081	14,081	0
<i>Total Disbursements</i>	2,388,863	2,485,110	2,048,035	437,075
<i>Excess of Receipts Over (Under) Disbursements</i>	(434,939)	(481,473)	(107,259)	374,214
<b>Other Financing Sources (Uses)</b>				
Sale of Assets	2,926	3,000	0	(3,000)
Transfers Out	(103,924)	(103,924)	(103,924)	0
<i>Total Other Financing Sources (Uses)</i>	(100,998)	(100,924)	(103,924)	(3,000)
<i>Net Change in Fund Balance</i>	(535,937)	(582,397)	(211,183)	371,214
<i>Fund Balance Beginning of Year</i>	606,961	606,961	606,961	0
<i>Fund Balance End of Year</i>	\$ 71,024	\$ 24,564	\$ 395,778	\$ 371,214

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2019*

	Enterprise Funds				Total
	Sewer	Electric	Storm Water Utility	Other Enterprise Funds	
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,600,890</u>	<u>\$ 4,381,920</u>	<u>\$ 1,096,157</u>	<u>\$ 1,119,104</u>	<u>\$ 10,198,071</u>
<b>Net Position</b>					
Unrestricted	<u>\$ 3,600,890</u>	<u>\$ 4,381,920</u>	<u>\$ 1,096,157</u>	<u>\$ 1,119,104</u>	<u>\$ 10,198,071</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2019*

	Business-Type Activities				Totals
	Sewer	Electric	Storm Water Utility	Other Enterprise Funds	
<b>Operating Receipts</b>					
Charges for Services	\$ 433,971	\$ 9,281,486	\$ 199,143	\$ 736,651	\$10,651,251
Other	0	29,416	0	1,899	31,315
<i>Total Operating Receipts</i>	<u>433,971</u>	<u>9,310,902</u>	<u>199,143</u>	<u>738,550</u>	<u>10,682,566</u>
<b>Operating Disbursements</b>					
Personal Services	218,389	411,596	39,182	240,344	909,511
Fringe Benefits	100,161	183,313	25,375	113,497	422,346
Contractual Services	106,306	7,655,939	13,946	152,081	7,928,272
Materials and Supplies	20,963	55,063	15,185	32,597	123,808
Capital Outlay	3,663,766	39,431	0	150,421	3,853,618
<i>Total Operating Disbursements</i>	<u>4,109,585</u>	<u>8,345,342</u>	<u>93,688</u>	<u>688,940</u>	<u>13,237,555</u>
<i>Operating Income (Loss)</i>	<u>(3,675,614)</u>	<u>965,560</u>	<u>105,455</u>	<u>49,610</u>	<u>(2,554,989)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Income Taxes	706,642	0	0	0	706,642
Intergovernmental	184,522	329,510	0	11,947	525,979
Proceeds from Loans	2,409,471	27,295	0	123,209	2,559,975
Proceeds of Notes	0	4,585,000	0	0	4,585,000
Premium on Notes Issued	0	34,250	0	0	34,250
Proceeds from Sale of Assets	0	0	0	2,550	2,550
Principal Retirement	(720,397)	(4,879,500)	(8,176)	(88,964)	(5,697,037)
Interest and Fiscal Charges	(10,078)	(162,605)	(756)	(12,572)	(186,011)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>2,570,160</u>	<u>(66,050)</u>	<u>(8,932)</u>	<u>36,170</u>	<u>2,531,348</u>
<i>Income (Loss) Before Transfers</i>	<u>(1,105,454)</u>	<u>899,510</u>	<u>96,523</u>	<u>85,780</u>	<u>(23,641)</u>
Transfers In	0	0	0	85,817	85,817
Transfers Out	(12,873)	(38,617)	(8,582)	(25,745)	(85,817)
<i>Total Transfers</i>	<u>(12,873)</u>	<u>(38,617)</u>	<u>(8,582)</u>	<u>60,072</u>	<u>0</u>
<i>Change in Net Position</i>	<u>(1,118,327)</u>	<u>860,893</u>	<u>87,941</u>	<u>145,852</u>	<u>(23,641)</u>
<i>Net Position Beginning of Year</i>	<u>4,719,217</u>	<u>3,521,027</u>	<u>1,008,216</u>	<u>973,252</u>	<u>10,221,712</u>
<i>Net Position End of Year</i>	<u>\$ 3,600,890</u>	<u>\$ 4,381,920</u>	<u>\$ 1,096,157</u>	<u>\$ 1,119,104</u>	<u>\$10,198,071</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services; water, sewer and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department and contracts with Wyandot County for emergency medical services. The Village also manages a public cemetery.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the levying of taxes or the issuance of debt. The Village does not have any component units.

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

***Public Entity Risk Pools***

The Village participates in public entity risk pools. Note 8 to the financial statements provides additional information for these entities.

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

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

***A. Basis of Presentation***

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

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
(Continued)

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***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

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

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

***B. Fund Accounting***

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

***Governmental Funds***

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the Village's major governmental fund:



**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
(Continued)

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**General Fund** The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**Proprietary Funds**

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

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the sewer and electric funds.

**Sewer Fund** The Sewer Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

**Electric Fund** The Electric Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

**Storm Water Utility Fund** The Storm Water Utility Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

The other enterprise funds of the Village account for the operations of the water, recycling, storm water and utility deposits.

**C. Basis of Accounting**

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

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

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
(Continued)

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***D. Budgetary Process***

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

***E. Cash and Investments***

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

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

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

During 2019, the Village invested in certificates of deposits.

Interest earnings are allocated to Village funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2019 amounted to \$119,682, which includes \$114,190 assigned from other Village funds.

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***F. Inventory and Prepaid Items***

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

***G. Capital Assets***

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

***H. Interfund Receivables/Payables***

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

***I. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

***J. Pensions/Other Postemployment Benefits (OPEB)***

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

***K. Long-Term Obligations***

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

***L. Net Position***

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include primarily resources restricted for street maintenance and repairs.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

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***M. Fund Balance***

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

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

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute. The Village has by resolution authorized the Fiscal Officer to assign fund balance. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipt and appropriations in the subsequent year’s appropriated budget.

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

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

***N. Interfund Transactions***

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

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

**Note 3 - Implementation of New Accounting Principles**

For the year ended December 31, 2019, the Village has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB Statement No. 90, *Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Village.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Village.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the Village's 2019 financial statements; however, there was no effect on beginning net position.

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GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Village.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Village.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$26,870 for the general fund.

**Note 5 – Deposits and Investments**

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

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

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

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### ***Deposits***

At year-end, \$1,995,850 of the Village's bank balance of \$11,575,609 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the Village's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

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***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village will not be able to recover deposits or collateral securities that are in possession of an outside party.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Note 6 – Income Taxes**

The Village levies a 1.5 percent income tax. By Council action on January 18, 2016, the first one percent of income tax receipt is divided as follows: 80 percent to the General Fund, 10 percent to the Parks Fund and 10 percent to the Capital Improvement Fund. The remaining one-half percent is placed in the Sewer Debt Retirement Fund, by Council action. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, if at least one percent tax is paid to another municipality on wages earned, that credit can be applied to the Village of Carey tax liability, with the other half percent payable to the Village of Carey. Ultimately, the total income tax payable must equal 1.5 percent of earned income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of the 2018 taxes.

2019 real property taxes were levied after October 1, 2019 on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.



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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019, was \$1.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 47,535,180
Public Utility Personal Property	673,090
Total Assessed Value	\$ 48,208,270

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 8 – Risk Management**

**Public Entities Pool of Ohio**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment Breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and Investments	\$ 38,432,610
Actuarial Liabilities	\$ 14,705,917

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**Buckeye Ohio Risk Management Association**

The Buckeye Ohio Risk Management Association Pool, Inc (BORMA) Benefits Pool (the Pool) is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each Pool member for its employees. Premiums paid into the Pool by each member are based on the level of coverage within each respective plan. The Pool includes twenty-one public entities in the State of Ohio. Member contributions are calculated annually to produce a sufficient sum of money within the Pool to fund administrative expenses and to create reserves for claims.

As of December 31, 2018, the Pool had total reported assets of \$7,880,882 (the latest information available). The 2019 monthly premiums paid by the Village per covered employee were \$2,320 for family coverage, \$1,547 for two party coverage with spouse, \$1,392 for two-party coverage with child, and \$773 for single coverage. The monthly life insurance premium was \$1.74. The cost of coverage for premiums is paid out of each respective fund and division that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2019, the Village paid \$592,918 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2018 was \$250,000 per individual; coverage in excess of this amount was provided by HCC Life Insurance Co.

BORMA Benefits Pool has the ability to require member entities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the reserves and premium levels. Therefore, no additional amounts have been disclosed in the basic financial statements. Audited financial statements are maintained by the pool.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

**Note 9 – Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 10 for the OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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

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

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$171,864 for 2019.

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

Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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<b>2019 Statutory Maximum Contribution Rates</b>	<b>Police</b>
Employer	19.50 %
Employee	12.25 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-Employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$118,060 for 2019.

***Pension Liability***

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Village's defined benefit pension plans:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.007764%	0.023298%	
Prior Measurement Period	0.005988%	0.019974%	
Change in Proportion	0.001776%	0.003324%	
Proportionate Share of the Net			
Pension Liability	\$ 2,126,402	\$ 1,901,732	\$ 4,028,134

***Actuarial Assumptions - OPERS***

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

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018 are presented below.

Valuation Date	December 31, 2018
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Village's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Village's Proportionate Share of the Net Pension Liability	\$ 3,141,314	\$ 2,126,402	\$ 1,283,001

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.



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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2018, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return**</u>	<u>30 Year Expected Real Rate of Return**</u>
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-U.S. Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income*	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation Linked Bonds*	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

\* Levered 2x

\*\* Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Village's Proportionate Share of the Net Pension Liability	\$ 2,499,696	\$ 1,901,732	\$ 1,402,047

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**Note 10 - Defined Benefit OPEB Plans**

See Note 9 for a description of the net OPEB liability.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village had no contractually required contribution for 2019.

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

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

Beginning January 1, 2019, OP&F changed its retiree health care model and the self-insured health care plan is no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$3,107 for 2019.

***OPEB Liability***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.007900%	0.023298%	
Prior Measurement Period	0.006155%	0.019974%	
Change in Proportion	<u>0.001745%</u>	<u>0.003324%</u>	
Proportionate Share of the Net OPEB Liability	\$ 1,029,974	\$ 212,164	\$ 1,242,138

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual entry age normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trusts	6.00	5.98
International Equities	22.00	7.83
Other Investments	<u>17.00</u>	<u>5.57</u>
Total	<u>100.00 %</u>	<u>5.16 %</u>

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the Village's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Village's Proportionate Share of the Net OPEB Liability	\$ 1,317,720	\$ 1,029,974	\$ 801,139

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
Village's Proportionate Share of the Net OPEB Liability	\$ 990,028	\$ 1,029,974	\$ 1,075,980

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.



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Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.66 percent
Prior measurement date	3.24 percent
Cost of Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.80 %
Domestic Equity	16.00	5.50
Non-U.S. Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income*	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 4.66 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	<u>1% Decrease (3.66%)</u>	<u>Current Discount Rate (4.66%)</u>	<u>1% Increase (5.66%)</u>
Village's Proportionate Share of the Net OPEB Liability	\$ 258,474	\$ 212,164	\$ 173,291

**Village of Carey**  
**Wyandot County, Ohio**  
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For the Year Ended December 31, 2019  
(Continued)

**Note 11 – Long Term Debt and Leases**

**Debt**

Debt outstanding at December 31, 2019 was as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
USDA Bonds	2.375%	\$ 868,900	April 1, 2027
OWDA Loan - WWTP Improvements	1.000%	2,240,415	January 1, 2027
OWDA Loan - Storm Sewer	1.000%	107,311	January 1, 2031
OWDA Loan - WWTP Improvements Design	3.140%	580,000	July 1, 2023
OWDA Loan - WWTP Improvements- Water Pollution Control	0.980%	10,813,000	January 1, 2047
OPWC Loan - Culvert Replacement	0.000%	57,774	January 20, 2026
2015 Revenue Bonds - Municipal Utilities Facility	2.625%	740,000	October 1, 2024
AMI Loan - Automated Meter Reading System	3.720%	950,000	January 25, 2025

The Village's long-term debt activity for the year ended December 31, 2019 was as follows:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b>Governmental Activities</b>					
<i>Direct Placement:</i>					
USDA Bonds	\$ 738,500	\$ 0	\$ (86,900)	\$ 651,600	\$ 86,900
<i>Other Long-term Obligations:</i>					
Lease Purchase	27,108	0	(20,328)	6,780	4,484
<b>Total Governmental Activities</b>	<b>\$ 765,608</b>	<b>\$ 0</b>	<b>\$ (107,228)</b>	<b>\$ 658,380</b>	<b>\$ 91,384</b>
<b>Business-Type Activities</b>					
<i>Direct Borrowings:</i>					
OWDA Loan - WWTP Improvements	\$ 950,116	\$ 0	\$ (114,660)	\$ 835,456	\$ 115,809
OWDA Loan - Storm Sewer	66,936	0	(5,277)	61,659	5,330
OWDA Loan - WWTP Improvement Design	502,973	82,037 *	(585,010)	0	0
OWDA Loan - WWTP Improvement- Water Pollution Control	0	2,269,463 *	0	2,269,463	0
OPWC Loan - Culvert Replacement	40,443	0	(5,777)	34,666	5,777
AMI Loan	0	208,475	0	208,475	0
<b>Total Direct Borrowing</b>	<b>1,560,468</b>	<b>2,559,975</b>	<b>(710,724)</b>	<b>3,409,719</b>	<b>126,916</b>
<i>Direct Placement:</i>					
Revenue Bonds - 2015 Municipal Utilities Facility	444,000	0	(74,000)	370,000	74,000
<i>Other Long-term Obligations:</i>					
Lease Purchase	65,732	0	(42,313)	23,419	10,204
<b>Total Business-Type Activities</b>	<b>\$ 2,070,200</b>	<b>\$ 2,559,975</b>	<b>\$ (827,037)</b>	<b>\$ 3,803,138</b>	<b>\$ 211,120</b>

\*Includes capitalized interest.

**Village of Carey**  
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*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
(Continued)

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***Governmental Activities:***

***Direct Placement***

On December 13, 2016 the Village issued \$868,900 in bonds for the purchase of a fire truck. The bonds will be repaid in annual installments of \$86,900, over a twenty year period from the general fund.

***Business-type Activities:***

***Direct Borrowings***

The Village has pledged future water, sewer, electric and storm water receipts, net of specified operating disbursements to repay \$8,429,566 of Ohio Public Works Commission (OPWC) loans, Ohio Water Development Authority (OWDA) loans, revenue bonds, an AMI loan, and an AMP note. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 17.1 percent. The total principal and interest remaining to be paid on the loans is \$8,364,719. Principal and interest paid for the current year and total net receipts were \$911,205 and \$5,887,983, respectively.

During 2005, the Village entered into a loan agreement with OWDA in the amount of \$2,240,415. The proceeds of this loan were used for wastewater treatment plant improvements. The Village began repaying the loan in 2007.

The Ohio Water Development Authority (OWDA) approved a \$228,889 loan to the Village on January 7, 2010 for improvements to the Village's storm sewer system. Of this amount, \$121,578 in principal was forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which left \$107,311 to be financed by the Village.

During 2017, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) in the amount of \$580,000 for Waste Water Treatment Plant improvements design. This loan was paid in full during 2019.

During 2019, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) in the amount of \$10,813,000 for Waste Water Treatment Plant water pollution control. As of December 31, 2019 the Village has received \$2,269,463 of the proceeds. No amortization schedule is available until the loan is fully disbursed; therefore it is not included below.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the Village to pay any fines or penalties incurred with interest.

The Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) in 2015 for the purpose of a culvert replacement project. This loan is being repaid in semi-annual installments beginning in July of 2016. The debt will be repaid over a ten year period. In the event of default, as defined by the loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the Village fiscal officer to pay the amounts due from funds appropriated to the Villages's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

**Village of Carey**  
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For the Year Ended December 31, 2019  
(Continued)

On September 25, 2018, the Village entered into a loan agreement with the First Citizens Bank in the amount of \$950,000 for the purchase of an Automated Meter Information (AMI) system for both water and electric meters. As of December 31, 2019, the Village has drawn fund \$208,475 from the loan. No amortization schedule is available until the loan is fully disbursed; therefore it is not included below.

***Direct Placement***

On April 29, 2015 the Village issued revenue bonds to purchase a building. The building will house the Village's public works and electric departments. These bonds are to be repaid in annual installments, over a nine year period.

Principal and interest requirements to retire debt outstanding at December 31, 2019, were as follows:

Year	USDA Bonds		Revenue Bonds		OWDA Loans		OPWC Loans	Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2020	\$ 86,900	\$ 14,960	\$ 74,000	\$ 9,874	\$ 121,139	\$ 8,668	\$ 5,777	\$ 287,816	\$ 33,502
2021	86,900	12,896	74,000	7,878	122,353	7,455	5,778	289,031	28,229
2022	86,900	10,833	74,000	5,908	123,580	6,228	5,778	290,258	22,969
2023	86,900	8,768	74,000	3,939	124,819	4,990	5,778	291,497	17,697
2024	86,900	6,705	74,000	1,974	126,070	3,738	5,778	292,748	12,417
2025-2029	217,100	7,733	0	0	273,264	4,151	5,777	496,141	11,884
2030	0	0	0	0	5,890	44	0	5,890	44
Total	\$ 651,600	\$ 61,895	\$ 370,000	\$ 29,573	\$ 897,115	\$ 35,274	\$ 34,666	\$1,953,381	\$126,742

***Short Term Note***

The Village entered into a loan agreement with American Municipal Power, Inc. (AMP) on June 25, 2014 in the amount of \$5,500,000, to make improvements to the Village's municipal electric system.

On December 6, 2018, the Village entered into a note agreement for \$4,870,000 with American Municipal Power (AMP) to refinance the 2014 AMP loan. The note will be repaid with the Village's net receipts from the electric fund. The matured date of December 5, 2019.

On December 5, 2019, the Village entered into a note agreement for \$4,585,000 with American Municipal Power (AMP) to refinance the 2018 AMP Note. The note will be repaid with the Village's net receipts from the electric fund. The matured date of December 3, 2020.

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b>Business-Type Activities</b>					
AMP Note Payable 2018	\$4,870,000	\$ 0	\$(4,870,000)	\$ 0	\$ 0
AMP Note Payable 2019	0	4,585,000	0	4,585,000	4,585,000
<b>Total Short-Term Notes</b>	<u>\$4,870,000</u>	<u>\$4,585,000</u>	<u>\$(4,870,000)</u>	<u>\$4,585,000</u>	<u>\$4,585,000</u>

***Lease Purchase***

On December 8, 2017 the Village entered into a lease for new Ford F-450 truck. On September 5, 2018, the Village entered into a lease for new IT equipment. During 2019, the lease for IT equipment was paid in full.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2019  
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Outstanding lease payments are as follows:

Year	Governmental Activities	Business-Type Activities
2020	5,000	11,379
2021	2,562	13,818
	7,562	25,197
Less: Interest	782	1,778
Total	\$ 6,780	\$ 23,419

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**Note 13 – Fund Balance**

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

	General	Other Governmental Funds	Total
Restricted for:			
Reinvestment and Enterprise Zone	\$ 0	\$ 4,250	\$ 4,250
Road Improvements	0	197,539	197,539
Cemetery	0	106,230	106,230
Police Operations	0	24,942	24,942
Total Restricted	0	332,961	332,961
Committed for:			
Capital Outlay	0	280,713	280,713
Recreation	0	291,164	291,164
Police Operations	0	13,843	13,843
Total Committed	0	585,720	585,720
Assigned for:			
Encumbrances	26,870	0	26,870
Unassigned	395,778	0	395,778
<i>Total Fund Balance</i>	\$ 422,648	\$ 918,681	\$ 1,341,329

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
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**Note 14 – Other Commitments and Contingencies**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 2,000 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.26 percent project 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. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. 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 of the impaired costs at March 31, 2014 was \$346,050. The Village received a credit of \$132,716 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$90,450 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired cost balance of \$122,884. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$130,761 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$4,199 and interest expense incurred on AMP's line-of-credit of \$883, resulting in a net credit balance for impaired cost estimate at December 31, 2017 of \$2,795. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU credit of \$10,094 resulting in a net credit balance for total potential liability of \$12,889, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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

**Note 15 – Interfund**

During 2019, the general fund transferred \$103,924 to the fire truck bond retirement fund for principal and interest payments. The water, sewer, electric and storm water utility funds transferred \$25,745, \$12,873, \$38,617, and \$8,582, respectively, to the utility bond debt service fund for principal and interest payments.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
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**Note 16 – Tax Abatements**

The Village of Carey has entered into tax abatement agreements with Continental Structural Plastics (CSP) of Ohio, Hanon Systems USA, and Wagner Ford, LLC for the abatement of real property taxes. Under the agreements established by Ohio Revised Code Sections 5709.632 and 3735.65 through 3735.70, the businesses agree to bring jobs and economic development into the Village in exchange for forgone property tax receipts.

Under the agreements, the Village's property tax receipts were abated by \$4,911.

**Note 17 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*(UNAUDITED)*

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This discussion and analysis of the Village of Carey's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2018, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

***Financial Highlights***

Key highlights for 2018 are as follows:

- In total, net position decreased \$61,667. Net position of governmental activities decreased \$269,276, which represents a 16 percent decrease from 2017. Net position of business-type activities increased \$207,609 or 2 percent from 2017.
- The Village's general receipts accounted for \$8,402,301 or 42 percent of all receipts. Program specific receipts in the form of charges of services and sales and operating and capital grants, contributions and interest accounted for \$11,736,146 or 58 percent of total receipts of \$20,138,447.
- Total program disbursements were \$20,200,114; \$3,286,275 in governmental activities and \$16,913,839 in business-type activities.
- Outstanding debt decreased from \$7,940,985 to \$7,705,808 due to principal payments made by the Village.

***Using the Basic Financial Statements***

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. In the case of the Village of Carey, the General fund is the most significant governmental fund. The Sewer and Electric funds are the most significant enterprise funds.

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

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
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**Basis of Accounting**

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

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

***Reporting the Village of Carey as a Whole***

*Statement of Net Position and the Statement of Activities*

*The Statement of Net Position and the Statement of Activities* reflect how the Village did financially during 2018, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

Governmental Activities - The Village's basic services are reported here, including general government, security of persons and property, community environment, leisure time activities and transportation. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the disbursements of goods or services provided. The Village's water, sewer, electric, storm water, utility deposit, utility sinking, and recycling funds are reported as business-type activities.

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
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***Reporting the Village of Carey's Most Significant Funds***

*Fund Financial Statements*

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

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

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

***The Village of Carey as a Whole***

Table 1 provides a summary of the Village's net position for 2018 compared to 2017 on a cash basis:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Equity Pooled in Cash and Cash Equivalents	\$ 1,419,300	\$ 1,688,576	\$ 10,221,712	\$ 10,014,103	\$ 11,641,012	\$ 11,702,679
<b>Net Position</b>						
Restricted	287,124	481,955	0	0	287,124	481,955
Unrestricted	1,132,176	1,206,621	10,221,712	10,014,103	11,353,888	11,220,724
<i>Total Net Position</i>	<u>\$ 1,419,300</u>	<u>\$ 1,688,576</u>	<u>\$ 10,221,712</u>	<u>\$ 10,014,103</u>	<u>\$ 11,641,012</u>	<u>\$ 11,702,679</u>

In 2018, total equity pooled in cash and cash equivalents decreased \$61,667. Refer to additional discussion of factors causing this increase on page 58.

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 reflects the changes in net position on a cash basis in 2018 and 2017 for governmental activities, business-type activities and total primary government.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Receipts</b>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$ 95,964	\$ 88,144	\$ 11,065,682	\$ 9,605,539	\$ 11,161,646	\$ 9,693,683
Operating Grants, Contributions and Interest	285,975	259,538	18,034	18,135	304,009	277,673
Capital Grants, Contributions and Interest	270,491	103,066	0	164,100	270,491	267,166
<i>Total Program Receipts</i>	<u>652,430</u>	<u>450,748</u>	<u>11,083,716</u>	<u>9,787,774</u>	<u>11,736,146</u>	<u>10,238,522</u>
<i>General Receipts:</i>						
Property Taxes	79,610	75,140	0	0	79,610	75,140
Income Taxes	1,422,343	1,348,243	711,172	674,122	2,133,515	2,022,365
Other Local Taxes	359,990	312,438	0	0	359,990	312,438
Grants and Entitlements	61,276	64,322	0	0	61,276	64,322
Sale of Assets	20,000	36,025	0	0	20,000	36,025
Proceeds of Loans and Bonds	291,281	859,934	431,920	1,581,268	723,201	2,441,202
Proceeds from Notes	0	0	4,870,000	0	4,870,000	0
Investment Earnings	64,684	49,316	0	0	64,684	49,316
Miscellaneous	65,385	44,342	24,640	9,204	90,025	53,546
<i>Total General Receipts</i>	<u>2,364,569</u>	<u>2,789,760</u>	<u>6,037,732</u>	<u>2,264,594</u>	<u>8,402,301</u>	<u>5,054,354</u>
<i>Total Receipts</i>	<u>3,016,999</u>	<u>3,240,508</u>	<u>17,121,448</u>	<u>12,052,368</u>	<u>20,138,447</u>	<u>15,292,876</u>
<b>Disbursements</b>						
General Government	450,126	351,253	0	0	450,126	351,253
Security of Persons and Property	1,368,148	1,245,461	0	0	1,368,148	1,245,461
Public Health	21,930	20,508	0	0	21,930	20,508
Leisure Time Services	95,374	71,197	0	0	95,374	71,197
Community and Economic Development	4,484	5,316	0	0	4,484	5,316
Basic Utility Service	3,256	3,894	0	0	3,256	3,894
Transportation	305,437	116,290	0	0	305,437	116,290
Capital Outlay	636,156	1,071,255	0	0	636,156	1,071,255
Principal Retirement	382,068	103,500	0	0	382,068	103,500
Interest and Fiscal Charges	19,296	3,856	0	0	19,296	3,856
<i>Enterprise Operations:</i>						
Electric	0	0	14,961,689	9,448,033	14,961,689	9,448,033
Recycling	0	0	100,370	48,616	100,370	48,616
Sewer	0	0	1,214,920	1,006,993	1,214,920	1,006,993
Storm Water Utility	0	0	100,889	78,439	100,889	78,439
Utility Deposit	0	0	32,309	36,061	32,309	36,061
Water	0	0	415,875	415,812	415,875	415,812
Utility Sinking	0	0	87,787	89,756	87,787	89,756
<i>Total Disbursements</i>	<u>3,286,275</u>	<u>2,992,530</u>	<u>16,913,839</u>	<u>11,123,710</u>	<u>20,200,114</u>	<u>14,116,240</u>
<i>Change in Net Position</i>	(269,276)	247,978	207,609	928,658	(61,667)	1,176,636
<i>Net Position Beginning of Year</i>	<u>1,688,576</u>	<u>1,440,598</u>	<u>10,014,103</u>	<u>9,085,445</u>	<u>11,702,679</u>	<u>10,526,043</u>
<i>Net Position End of Year</i>	<u>\$ 1,419,300</u>	<u>\$ 1,688,576</u>	<u>\$ 10,221,712</u>	<u>\$ 10,014,103</u>	<u>\$ 11,641,012</u>	<u>\$ 11,702,679</u>

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
(UNAUDITED)  
(Continued)

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**Governmental Activities**

Program receipts represent only 22 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to nearby governments for police services provided under contract.

General receipts represent 78 percent of the Village's total receipts, and of this amount, 79 percent are taxes. State and federal grants and entitlements make up 3 percent of the Village's general receipts. Other receipts, such as investments earnings and bonds issued make up 18 percent of general receipts.

Disbursements for general government represent the costs of running the Village and the support services provided for the other government activities. These include the costs of the Mayor, Council, Village Administrator, Fiscal Officer and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, the Village tries to limit these costs to 7 percent of general fund unrestricted receipts.

Security of persons and property are the costs of police and fire protection and represent the largest disbursement of government activities. The disbursement of \$1,368,148 represents 42 percent of the total disbursements. Capital outlay disbursements were \$636,156, representing 19 percent of total distributions, primarily due to expenditures for the Arrowhead roadway and the CSP Roadway projects. Principal retirement was \$382,068, representing 12 percent of total distributions, primarily due to repayment of the State Infrastructure Bank (SIB) loan.

**Business-type Activities**

Business-type activities include water, sewer, electric, storm water, utility deposit, utility sinking, and recycling operations. The receipts are generated primarily from charges for services. In 2018, charges for services and sales increased \$1,460,143, primarily due to increased usage for new industry and extreme temperatures occurring throughout the year. The increase in general receipts is due to proceeds received from the AMP note in 2018.

The total disbursements for the utilities increased from \$11,123,710 to \$16,913,839 in 2018. This increase is primarily due to the Village's repayment of the AMP loan in 2018. The Village had an increase in net position of \$207,609 for the business-type activities.

***The Village's Funds***

Total governmental funds had receipts of \$2,705,718, exclusive of other financing sources, and disbursements of \$3,286,275, exclusive of other financing uses. The fund balance of the general fund decreased \$174,409 for year-end 2018, primarily due to transfers out for the purpose of debt payments.

Net position in the sewer fund increased \$331,947, due to receipts continuing to outpace disbursements. The increase in proceeds from loans correlates with the offsetting increase in capital outlay disbursements from capital projects.

Net position in the electric fund decreased \$394,577, due to principal payments made prior to the refinance of the 2014 AMP loan.

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
 (UNAUDITED)  
 (Continued)

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**General Fund Budgeting Highlights**

The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly receipts.

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

During 2018, the Village amended its budgeted receipts. Final receipts and other financing sources were budgeted at \$1,883,274 which was \$470,436 lower than the original budget of \$2,353,710. Actual receipts and other financing sources were \$1,874,464 which was \$8,810 lower than the final budget.

Final disbursements and other financing uses were budgeted at \$2,662,597 while actual disbursements were \$2,048,873, as cost savings were recognized during the year. Final budgeted disbursements were \$193,811 lower than the original budget of \$2,856,408.

**Debt Administration**

**Debt**

At December 31, 2018, the Village's outstanding debt was \$7,705,508. Table 3 summarizes outstanding debt.

**Table 3**  
**Outstanding Debt, at December 31**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 738,500	\$ 825,400	\$ 0	\$ 0	\$ 738,500	\$ 825,400
Revenue Bonds	0	0	444,000	518,000	444,000	518,000
AMP Loan	0	0	0	5,253,071	0	5,253,071
OPWC Loans	0	0	40,443	72,767	40,443	72,767
OWDA Loans	0	0	1,520,025	1,212,093	1,520,025	1,212,093
AMP Note	0	0	4,870,000	0	4,870,000	0
Lease Purchase	27,108	14,914	65,732	44,740	92,840	59,654
<i>Total</i>	<u>\$ 765,608</u>	<u>\$ 840,314</u>	<u>\$ 6,940,200</u>	<u>\$ 7,100,671</u>	<u>\$ 7,705,808</u>	<u>\$ 7,940,985</u>

Additional information concerning the Village's debt can be found in Note 11 to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
(UNAUDITED)  
(Continued)

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***Current Issues***

The 2018 income taxes showed an upward trend, with the general fund seeing a slight increase over 2017 levels.

This was another year of completion or multiple utility related projects, as well as committing to new projects moving forward. With the completion and full commercial operation of the new 15 MVA substation (AND the building construction completion by the industrial customer it was installed to service), the installation of the remaining 71 (of an anticipated 72) wooden poles were replaced with new ductile iron poles. This was done to increase the longevity of the southern grid tie point to AEP AND the direct tie-line from our Ogg St Substation on the southeast, to both the WaterWorks Sub and the new "CSP" sub on the west side of the village. That piece of the project was comparatively inexpensive for the redundancy and reliability created going forward. To date, all contractors and vendors have been paid and we await an approximate \$540,000 reimbursement check from the Economic Development Administration to close out the entire project.

We are continuing to execute the next phases of our planned system improvements in the form of additional voltage conversion work (started in 2018) to the multiple non-industrial locations on the southeast corporation limits of the village. With a *minimum of three more planned conversion phases* to be completed, and several larger projects required due to aging substation equipment, there is no shortage of work for our personnel to perform In-House. The engineering is also ongoing behind the scenes for the required switchgear and breaker reliability upgrades which have been looming. Funds availability however will determine the actual start of those projects.

The Village has completed the selection of the "lowest and best" proposal from the published RFP respondents for the Automated Meter Information (AMI) system (for both water and electric meters). Initial appearance leaned toward one vendor, but detailed review noted the wrong equipment was bid by that respondent, so we had to get new numbers for the correct meters, and the pricing landscape looked very different and an alternate vendor selection was made. Financing was then secured through a local bank for the estimated \$950,000 needed, and approved by council with work to be performed in 2019.

Evaluation of the current water distribution system, specifically the standpipe and elevated storage tank has been completed, and a partner contractor has been identified to kick-start a more aggressive maintenance program to stay ahead of equipment aging issues is being discussed. Again, we anticipate a mid-2019 start on that project if funding will allow. The OEPA required Asset Management program was initiated this year, with the purchase of both GIS locating hardware and the associated software to contain the information gathered by our Public Works personnel. This same equipment can & will be used by other departments to locate and ID leaks, repairs, poles and projects moving forward.

The Design Phase of the wastewater treatment plant (to be financed through OWDA / DEFA) is nearly 100% complete and advertisement for bids has been released to identify a contractor for installation, with work planned to begin in Q1 2019.

The Village applied for and was successful in obtaining a second grant through the Ohio Public Works Commission, Issue program to rehabilitate a 1970's era sanitary lift station serving the south west business corridor entering the village from the four-lane US 23. That work has been contracted for, but is not yet completed. We also made application for another Wastewater Collection System upgrade, but did not receive funding for that project, as of this compilation.

As part of our economic development efforts, we completed infrastructure improvements which serve the new Arrowhead Commerce Park, thanks to pledged grant assistance from both ODOT Jobs and Commerce (up to \$100,000) and Ohio Developmental Services Agency, 629 Roadway (up to \$112,250)

**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
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funding. Since both were reimbursement funding, we entered into an agreement with the ODOT State Infrastructure Bank program for both this project and a CSP Roadway Project, allowing local funds to be spread over multiple years instead of imposing a stranglehold on the Capital Improvement budget accounts. Both projects were finished and grant funds reimbursed in 2018 allowing the Village to repay all funds owed to the State Infrastructure Bank. Grant reimbursements for the projects totaled \$270,491 leaving \$22,790 to be paid from the Capital Improvement Fund.

The Arrowhead Commerce Park continues to grow and prosper. The initial anchor tenant for Arrowhead, HANON, LLC, has committed to doubling the size of their facility and adding another 230 plus full-time jobs to the area workforce. What was just discussion last year, broken ground in 2018 and is nearing completion. All of the tax incentives have been functioning as anticipated and bringing additional expansions with their investments.

The major equipment purchases during 2018 were more limited. The Public Works Department was able to obtain two vehicles and the WWTP also replaced a truck. All three were replacing aging and deteriorated equipment which ranged from 14-17 years old. The Police Department was able to secure a larger vehicle for the K-9 Officer to allow for a separate area to transport detainees.

In other areas, we saw continued success in the WyCo Collaborative action with the Sheriff, other law enforcement agencies and the Metrich multi-jurisdictional Drug Enforcement group. Our K-9 Officer and his handler continue to prove their worth as well.

General upgrading of IT equipment and software, such as laptops, tablets, several replacement monitors and printers in various departments, antivirus and malware protection for all administrative, wastewater, public works, utility billing and electric computers is an ongoing process. But the decision to move to the Software Solutions, "Very Intelligent Portfolio" software module upgrades have been approved and is now in motion. Other than minor patches to individual modules, this is the first major upgrade of all our software systems in many years. Looking forward to the intuitive logic employed to make all our jobs easier.

No problems were experienced with the fire department operations during 2018. Crawford Township received their annual credit for \$17,500 and contributed \$6,500 for fire protection services and current operations per the negotiated Fire Contract in force. The 1996 International with a Pierce pumper body was sold by sealed bids to another local Fire District, where it will continue to serve their needs for a few more years.

The two (2) megawatt solar array installed on the Village owned well field property and operated by Solar Planet Power, continues to operate well and produced approximately 2.6 megawatt-hours during 2018, down slightly from the prior year due to variation in hours of sunlight, changes in weather, etc. Additional hydropower sites along the Ohio River, which we subscribe to as AMP Joint Venture project participants, have come on line this year and have also added to the diversity of our power supply portfolio. Getting a little greener with each endeavor, and reducing the carbon footprint of both our Village residents and the local industrial base.

Electric Fund revenues remain stable for 2019, but may still need some upward adjustment in the foreseeable future to meet ever increasing O&M costs. A Consulting Engineer's Report is in progress, to allow moving from the AMP Line of Credit to a renewable Bond Anticipation Note, assisted by the OMAP program and the associated reduced interest rate. The object of these funds include the outstanding balance of the \$5.5M substation and pole line project. Water Fund receipts are maintaining and when an AMI system is implemented should be increased conservatively 10-12 percent during the expected implementation year of 2019.



**Village of Carey**  
**Wyandot County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
(UNAUDITED)  
(Continued)

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***Contacting the Village's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Alisha Wentz, Fiscal Officer, Village of Carey, 127 N. Vance Street, Carey, Ohio 43316-1056, telephone 419-396-7681 or email [fiscalofficer@careyohio.org](mailto:fiscalofficer@careyohio.org).

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Net Position-Cash Basis*  
*December 31, 2018*

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	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 1,419,300	\$ 10,221,712	\$ 11,641,012
<b>Net Position</b>			
Restricted for:			
Other Purposes	\$ 287,124	\$ 0	\$ 287,124
Unrestricted	1,132,176	10,221,712	11,353,888
<i>Total Net Position</i>	\$ 1,419,300	\$ 10,221,712	\$ 11,641,012

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Activities-Cash Basis*  
*For the Year Ended December 31, 2018*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 450,126	\$ 5,979	\$ 18,826	\$ 0	\$ (425,321)	\$ 0	\$ (425,321)
Security of Persons and Property	1,368,148	39,545	44,584	0	(1,284,019)	0	(1,284,019)
Public Health	21,930	30,025	1,400	0	9,495	0	9,495
Leisure Time Services	95,374	19,610	14,560	0	(61,204)	0	(61,204)
Community and Economic Development	4,484	0	0	0	(4,484)	0	(4,484)
Basic Utility Service	3,256	0	0	0	(3,256)	0	(3,256)
Transportation	305,437	805	206,605	270,491	172,464	0	172,464
Capital Outlay	636,156	0	0	0	(636,156)	0	(636,156)
Debt Service:							
Principal Retirement	382,068	0	0	0	(382,068)	0	(382,068)
Interest and Fiscal Charges	19,296	0	0	0	(19,296)	0	(19,296)
<b>Total Governmental Activities</b>	<b>3,286,275</b>	<b>95,964</b>	<b>285,975</b>	<b>270,491</b>	<b>(2,633,845)</b>	<b>0</b>	<b>(2,633,845)</b>
<b>Business-Type Activities</b>							
Electric	14,961,689	9,693,871	4,937	0	0	(5,262,881)	(5,262,881)
Recycling	100,370	41,897	12,026	0	0	(46,447)	(46,447)
Sewer	1,214,920	429,496	615	0	0	(784,809)	(784,809)
Storm Water Utility	100,889	197,143	0	0	0	96,254	96,254
Utility Deposit	32,309	34,566	0	0	0	2,257	2,257
Water	415,875	668,709	456	0	0	253,290	253,290
Utility Sinking	87,787	0	0	0	0	(87,787)	(87,787)
<b>Total Business-Type Activities</b>	<b>16,913,839</b>	<b>11,065,682</b>	<b>18,034</b>	<b>0</b>	<b>0</b>	<b>(5,830,123)</b>	<b>(5,830,123)</b>
<b>Total Primary Government</b>	<b>\$ 20,200,114</b>	<b>\$ 11,161,646</b>	<b>\$ 304,009</b>	<b>\$ 270,491</b>	<b>(2,633,845)</b>	<b>(5,830,123)</b>	<b>(8,463,968)</b>
<b>General Receipts:</b>							
Property Taxes Levied for:							
General Purposes					79,610	0	79,610
Income Taxes Levied for:							
General Purposes					1,137,875	0	1,137,875
Parks and Recreation					142,234	0	142,234
Capital Improvements					142,234	0	142,234
Debt Retirement					0	711,172	711,172
Other Local Taxes					359,990	0	359,990
Grants and Entitlements not Restricted							
to Sepcific Programs					61,276	0	61,276
Sale of Assets					20,000	0	20,000
Proceeds of Loans and Bonds					291,281	431,920	723,201
Proceeds from Notes					0	4,870,000	4,870,000
Investment Earnings					64,684	0	64,684
Miscellaneous					65,385	24,640	90,025
<b>Total General Receipts</b>					<b>2,364,569</b>	<b>6,037,732</b>	<b>8,402,301</b>
<b>Change in Net Position</b>					<b>(269,276)</b>	<b>207,609</b>	<b>(61,667)</b>
<b>Net Position Beginning of Year</b>					<b>1,688,576</b>	<b>10,014,103</b>	<b>11,702,679</b>
<b>Net Position End of Year</b>					<b>\$ 1,419,300</b>	<b>\$ 10,221,712</b>	<b>\$ 11,641,012</b>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2018*

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 606,961	\$ 812,339	\$ 1,419,300
<b>Fund Balances</b>			
Restricted	\$ 0	\$ 287,124	\$ 287,124
Committed	0	525,215	525,215
Assigned	582,897	0	582,897
Unassigned	24,064	0	24,064
<i>Total Fund Balances</i>	<u>\$ 606,961</u>	<u>\$ 812,339</u>	<u>\$ 1,419,300</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2018*

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$ 79,611	\$ 0	\$ 79,611
Income Taxes	1,137,875	284,468	1,422,343
Other Local Taxes	359,990	0	359,990
Charges for Services	18,471	47,075	65,546
Licenses and Permits	5,979	0	5,979
Fines and Forfeitures	8,093	13,785	21,878
Intergovernmental	67,850	488,865	556,715
Interest	64,684	1,221	65,905
Rent	18,826	3,960	22,786
Contributions and Donations	24,700	11,880	36,580
Other	68,385	0	68,385
<i>Total Receipts</i>	<u>1,854,464</u>	<u>851,254</u>	<u>2,705,718</u>
<b>Disbursements</b>			
Current:			
General Government	450,126	0	450,126
Security of Persons and Property	1,351,580	16,568	1,368,148
Public Health	6,015	15,915	21,930
Leisure Time Services	0	95,374	95,374
Community Development	4,484	0	4,484
Basic Utility Service	3,256	0	3,256
Transportation	13,236	292,201	305,437
Capital Outlay	114,188	521,968	636,156
Debt Service:			
Principal Retirement	0	382,068	382,068
Interest and Fiscal Charges	0	19,296	19,296
<i>Total Disbursements</i>	<u>1,942,885</u>	<u>1,343,390</u>	<u>3,286,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,421)</u>	<u>(492,136)</u>	<u>(580,557)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Assets	20,000	0	20,000
Proceeds of Loans	0	291,281	291,281
Transfers In	0	105,988	105,988
Transfers Out	(105,988)	0	(105,988)
<i>Total Other Financing Sources (Uses)</i>	<u>(85,988)</u>	<u>397,269</u>	<u>311,281</u>
<i>Net Change in Fund Balance</i>	(174,409)	(94,867)	(269,276)
<i>Fund Balance Beginning of Year</i>	<u>781,370</u>	<u>907,206</u>	<u>1,688,576</u>
<i>Fund Balance End of Year</i>	<u>\$ 606,961</u>	<u>\$ 812,339</u>	<u>\$ 1,419,300</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2018*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Receipts</b>				
Property Taxes	\$ 74,361	\$ 76,000	\$ 79,611	\$ 3,611
Income Taxes	899,594	1,225,225	1,137,875	(87,350)
Other Local Taxes	268,045	311,000	359,990	48,990
Special Assessments	7,712	400	0	(400)
Charges for Services	72,304	15,200	18,471	3,271
Licenses and Permits	22,896	5,100	5,979	879
Fines and Forfeitures	46,998	10,500	8,093	(2,407)
Intergovernmental	329,273	73,849	67,850	(5,999)
Interest	178,832	42,100	64,684	22,584
Rent	77,124	16,000	18,826	2,826
Contributions and Donations	72,304	39,200	24,700	(14,500)
Other	301,267	65,700	68,385	2,685
<i>Total Receipts</i>	<u>2,350,710</u>	<u>1,880,274</u>	<u>1,854,464</u>	<u>(25,810)</u>
<b>Disbursements</b>				
Current:				
General Government	745,196	634,293	450,126	184,167
Security of Persons and Property	1,741,394	1,675,012	1,351,580	323,432
Public Health	8,000	8,000	6,015	1,985
Community and Economic Development	19,818	19,218	4,484	14,734
Basic Utility Service	5,000	5,000	3,256	1,744
Transportation	75,000	65,000	13,236	51,764
Capital Outlay	147,000	146,074	114,188	31,886
<i>Total Disbursements</i>	<u>2,741,408</u>	<u>2,552,597</u>	<u>1,942,885</u>	<u>609,712</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(390,698)</u>	<u>(672,323)</u>	<u>(88,421)</u>	<u>583,902</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Assets	3,000	3,000	20,000	17,000
Transfers Out	(115,000)	(110,000)	(105,988)	4,012
<i>Total Other Financing Sources (Uses)</i>	<u>(112,000)</u>	<u>(107,000)</u>	<u>(85,988)</u>	<u>21,012</u>
<i>Net Change in Fund Balance</i>	(502,698)	(779,323)	(174,409)	604,914
<i>Fund Balance Beginning of Year</i>	<u>781,370</u>	<u>781,370</u>	<u>781,370</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 278,672</u>	<u>\$ 2,047</u>	<u>\$ 606,961</u>	<u>\$ 604,914</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2018*

	Enterprise Funds			Total
	Sewer	Electric	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 4,719,217</u>	<u>\$ 3,521,027</u>	<u>\$ 1,981,468</u>	<u>\$ 10,221,712</u>
<b>Net Position</b>				
Unrestricted	<u>\$ 4,719,217</u>	<u>\$ 3,521,027</u>	<u>\$ 1,981,468</u>	<u>\$ 10,221,712</u>

See accompanying notes to the basic financial statements.

**Village of Carey**  
**Wyandot County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2018*

	Business-Type Activities			Totals
	Sewer	Electric	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$ 429,496	\$ 9,693,871	\$ 942,315	\$ 11,065,682
Other	0	24,640	0	24,640
<i>Total Operating Receipts</i>	<u>429,496</u>	<u>9,718,511</u>	<u>942,315</u>	<u>11,090,322</u>
<b>Operating Disbursements</b>				
Personal Services	195,349	354,610	198,477	748,436
Fringe Benefits	95,919	169,804	96,285	362,008
Contractual Services	101,095	8,172,806	115,089	8,388,990
Materials and Supplies	32,811	70,818	70,900	174,529
Capital Outlay	608,753	785,714	160,502	1,554,969
<i>Total Operating Disbursements</i>	<u>1,033,927</u>	<u>9,553,752</u>	<u>641,253</u>	<u>11,228,932</u>
<i>Operating Income (Loss)</i>	<u>(604,431)</u>	<u>164,759</u>	<u>301,062</u>	<u>(138,610)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Income Taxes	711,172	0	0	711,172
Intergovernmental	615	4,937	12,482	18,034
Proceeds from Loans	431,920	0	0	431,920
Proceeds of Notes	0	4,870,000	0	4,870,000
Principal Retirement	(169,456)	(5,270,936)	(81,772)	(5,522,164)
Interest and Fiscal Charges	(11,537)	(137,001)	(14,205)	(162,743)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>962,714</u>	<u>(533,000)</u>	<u>(83,495)</u>	<u>346,219</u>
<i>Income (Loss) Before Transfers</i>	358,283	(368,241)	217,567	207,609
Transfers In	0	0	87,787	87,787
Transfers Out	(26,336)	(26,336)	(35,115)	(87,787)
<i>Total Transfers</i>	<u>(26,336)</u>	<u>(26,336)</u>	<u>52,672</u>	<u>0</u>
<i>Change in Net Position</i>	331,947	(394,577)	270,239	207,609
<i>Net Position Beginning of Year</i>	<u>4,387,270</u>	<u>3,915,604</u>	<u>1,711,229</u>	<u>10,014,103</u>
<i>Net Position End of Year</i>	<u>\$ 4,719,217</u>	<u>\$ 3,521,027</u>	<u>\$ 1,981,468</u>	<u>\$ 10,221,712</u>

See accompanying notes to the basic financial statements.



**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

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

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services; water, sewer and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department and contracts with Wyandot County for emergency medical services. The Village also manages a public cemetery.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the levying of taxes or the issuance of debt. The Village does not have any component units.

***Public Entity Risk Pools***

The Village participates in public entity risk pools. Note 8 to the financial statements provides additional information for these entities.

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

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

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

***A. Basis of Presentation***

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

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
(Continued)

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***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

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

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

***B. Fund Accounting***

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
(Continued)

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***Governmental Funds***

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the Village's major governmental fund:

***General Fund*** The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

***Proprietary Funds***

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

***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the sewer and electric funds.

***Sewer Fund*** The Sewer Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

***Electric Fund*** The Electric Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

The other enterprise funds of the Village account for the operations of the water, recycling, storm water and utility deposits.

***C. Basis of Accounting***

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

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

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
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***D. Budgetary Process***

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

***E. Cash and Investments***

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

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

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

During 2018, the Village invested in certificates of deposits.

Interest earnings are allocated to Village funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2018 amounted to \$64,684, which includes \$60,764 assigned from other Village funds.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
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***F. Inventory and Prepaid Items***

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

***G. Capital Assets***

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

***H. Interfund Receivables/Payables***

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

***I. Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

***J. Pensions/Other Postemployment Benefits (OPEB)***

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

***K. Long-Term Obligations***

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

***L. Net Position***

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include primarily resources restricted for street maintenance and repairs.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

**Village of Carey**  
**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
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***M. Fund Balance***

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

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

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute. The Village has by resolution authorized the Fiscal Officer to assign fund balance. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipt and appropriations in the subsequent year’s appropriated budget.

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

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

***N. Interfund Transactions***

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

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

**Note 3 - Implementation of New Accounting Principles**

For the year ended December 31, 2018, the Village has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. See Note 10 for further information.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Village.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Village.

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**Wyandot County, Ohio**  
*Notes to the Financial Statements*  
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**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$-0- for the general fund.

**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;



**Village of Carey**  
**Wyandot County, Ohio**  
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4. Bonds and other obligations of the State of Ohio or Ohio local governments; and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### ***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$4,847,585 of the Village's bank balance of \$12,051,053 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

### **Note 6 – Income Taxes**

The Village levies a 1.5 percent income tax. By Council action on January 18, 2016, the first one percent of income tax receipt is divided as follows: 80 percent to the General Fund, 10 percent to the Parks Fund and 10 percent to the Capital Improvement Fund. The remaining one-half percent is placed in the Sewer Debt Retirement Fund, by Council action. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, if at least one percent tax is paid to another municipality on wages earned, that credit can be applied to the

**Village of Carey**  
**Wyandot County, Ohio**  
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(Continued)

Village of Carey tax liability, with the other half percent payable to the Village of Carey. Ultimately, the total income tax payable must equal 1.5 percent of earned income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2018 for real and public utility property taxes represents collections of the 2017 taxes.

2018 real property taxes were levied after October 1, 2018 on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$1.90 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	\$ 47,535,180
Public Utility Personal Property	673,090
Total Assessed Value	\$ 48,208,270

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 8 – Risk Management**

**Public Entities Pool of Ohio**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment Breakdown

**Village of Carey**  
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The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2018
Cash and Investments	\$35,381,789
Actuarial Liabilities	\$12,965,015

**Buckeye Ohio Risk Management Association**

The Buckeye Ohio Risk Management Association Pool, Inc (BORMA) Benefits Pool (the Pool) is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance, and prescription drug insurance. Plan options and levels of coverage are established independently by each Pool member for its employees. Premiums paid into the Pool by each member are based on the level of coverage within each respective plan. The Pool includes twenty-one public entities in the State of Ohio. Member contributions are calculated annually to produce a sufficient sum of money within the Pool to fund administrative expenses and to create reserves for claims.

As of December 31, 2018, the Pool had total reported assets of \$7,880,882. The 2018 monthly premiums paid by the Village per covered employee were \$2,320 for family coverage, \$1,547 for two party coverage with spouse, \$1,392 for two-party coverage with child, and \$773 for single coverage. The monthly life insurance premium was \$1.74. The cost of coverage for premiums is paid out of each respective fund and division that pays the salary of the individuals covered under the plan. Employees contribute a portion of each monthly premium through payroll withholding. During 2018, the Village paid \$473,098 into the Pool for all covered benefits. The amount of risk retained by the Pool in 2018 was \$250,000 per individual; coverage in excess of this amount was provided by HCC Life Insurance Co.

BORMA Benefits Pool has the ability to require member entities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the reserves and premium levels. Therefore, no additional amounts have been disclosed in the basic financial statements. Audited financial statements are maintained by the pool.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

**Note 9 – Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan. While members (e.g. Auditor employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 2225601 or 800-222-7377.

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

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

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

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

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

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

	State and Local
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$146,807 for 2018.

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

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

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

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

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

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	Police
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee	12.25 %
 <b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-Employment Health Care Benefits	0.50 %
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$109,727 for 2018.

***Net Pension Liability***

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.00598774%	0.01997400%	
Prior Measurement Period	0.00813990%	0.01595700%	
Change in Proportion	-0.00215216%	0.00401700%	
 Proportionate Share of the Net			
Pension Liability	\$ 939,361	\$ 1,225,919	\$ 2,165,280

***Actuarial Assumptions – OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actual valuation as of December 31, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented below.

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<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2017
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:



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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Village's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Village's Proportionate Share of the Net Pension Liability	\$ 1,668,065	\$ 939,361	\$ 331,841

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

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Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Increases	3.25 percent (inflation plus productivity increase)
Inflation Assumptions	2.75 percent
Cost-of-Living Adjustments	3.00 percent simple; 2.20 percent simple for increases based on lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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<u>Asset Class</u>	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Domestic Equity	16.00 %	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income*	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
U.S. Inflation Linked Bonds*	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

\* Levered 2x

\*\* Numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall total portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Village's Proportionate Share of the Net Pension Liability	\$ 1,699,411	\$ 1,225,919	\$ 839,698

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**Note 10 - Defined Benefit OPEB Plans**

***Net OPEB Liability***

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

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

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The Village's contractually required contribution was \$0 for 2018.

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

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$2,888 for 2018.

***Net OPEB Liability***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.00615472%	0.01997400%	
Prior Measurement Date	0.00636700%	0.01595700%	
Change in Proportionate Share	<u>-0.00021228%</u>	<u>0.00401700%</u>	
Proportionate Share of the Net OPEB Liability	\$ 668,357	\$ 1,131,716	\$ 1,800,073

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:



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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the Village's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Village's Proportionate Share of the Net OPEB Liability	\$ 887,941	\$ 668,357	\$ 490,716

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Village's Proportionate Share of the Net OPEB Liability	\$ 639,475	\$ 668,357	\$ 698,191

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

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Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield Fixed Income	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are Geometric.

\* Levered 2x

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

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

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	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
Village's Proportionate Share of the Net OPEB Liability	\$ 1,414,637	\$ 1,131,716	\$ 913,990

***Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
Village's Proportionate Share of the Net OPEB Liability	\$ 879,124	\$ 1,131,716	\$ 1,472,084

*This space intentionally left blank.*

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**Note 11 – Debt and Leases**

***Debt***

Debt outstanding at December 31, 2018 was as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
USDA Bonds	2.375%	\$ 868,900	April 1, 2027
SIB Loan	0.000%	291,281	December 31, 2018
OWDA Loan - WWTP Improvements	1.000%	2,240,415	January 1, 2027
OWDA Loan - Storm Sewer	1.000%	107,311	January 1, 2031
OWDA Loan - WWTP Improvements Design	3.140%	580,000	July 1, 2023
OPWC Loan - Sanitary Sewer	2.000%	691,976	July 1, 2018
OPWC Loan - Culvert Replacement	0.000%	57,774	January 20, 2026
2015 Revenue Bonds - Municipal Utilities Facility	2.625%	740,000	October 1, 2024

The Village's long-term debt activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
<b>Governmental Activities</b>					
USDA Bonds	\$ 825,400	\$ 0	\$ (86,900)	\$ 738,500	\$ 86,900
SIB Loan	0	291,281	(291,281)	0	0
Lease Purchase	14,914	16,081	(3,887)	27,108	18,218
<b>Total Governmental Activities</b>	<u>\$ 840,314</u>	<u>\$ 307,362</u>	<u>\$ (382,068)</u>	<u>\$ 765,608</u>	<u>\$ 105,118</u>
<b>Business-Type Activities</b>					
OWDA Loan - WWTP Improvements	\$ 1,063,637	\$ 0	\$ (113,521)	\$ 950,116	\$ 114,660
OWDA Loan - Storm Sewer	72,161	0	(5,225)	66,936	5,277
OWDA Loan - WWTP Improvement Design	76,295	441,178 *	(14,500)	502,973	0
OPWC Loan - Sanitary Sewer	26,547	0	(26,547)	0	0
OPWC Loan - Culvert Replacement	46,220	0	(5,777)	40,443	5,778
Revenue Bonds - 2015 Municipal Utilities Facility	518,000	0	(74,000)	444,000	74,000
AMP Loan - Electric Improvements	5,253,071	17,865 *	(5,270,936)	0	0
Lease Purchase	44,740	32,650	(11,658)	65,732	40,360
<b>Total Business-Type Activities</b>	<u>\$ 7,100,671</u>	<u>\$ 491,693</u>	<u>\$ (5,522,164)</u>	<u>\$ 2,070,200</u>	<u>\$ 240,075</u>

\*Includes capitalized interest.

On December 13, 2016 the Village issued \$868,900 in bonds for the purchase of a fire truck. The bonds will be repaid in annual installments of \$86,900, over a twenty year period from the general fund.

On September 1, 2017 the Village entered into a loan agreement with the State Infrastructure Bank (SIB) through the Ohio Department of Transportation (ODOT) in the amount up to \$329,250. During 2018, the Village drew down \$291,281 and repaid the full amount in 2018. No interest was charged for the loan.

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The Village has pledged future water, sewer, electric and storm water receipts, net of specified operating disbursements to repay \$6,874,468 of Ohio Public Works Commission (OPWC) loans, Ohio Water Development Authority (OWDA) loans, revenue bonds and an AMP note. Annual principal and interest payments, as a percentage of net customer receipts, on the loans are expected to be similar over the term of the loans as in the current year, which were 95.5 percent. The total principal and interest remaining to be paid on the loans is \$6,961,002. Principal and interest paid for the current year and total net receipts were \$5,672,620 and \$5,941,765, respectively.

During 2005, the Village entered into a loan agreement with OWDA in the amount of \$2,240,415. The proceeds of this loan were used for wastewater treatment plant improvements. The Village began repaying the loan in 2007.

The Ohio Water Development Authority (OWDA) approved a \$228,889 loan to the Village on January 7, 2010 for improvements to the Village's storm sewer system. Of this amount, \$121,578 in principal was forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which left \$107,311 to be financed by the Village.

During 2017, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) in the amount of \$580,000 for Waste Water Treatment Plant improvements design. As of December 31, 2018 the Village has received \$517,473 of the proceeds. No amortization schedule is available until the loan is fully disbursed; therefore it is not included below.

During 2000, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for the purpose of a sanitary sewer overflow elimination project. This loan is being repaid in semi-annual installments, over a period of 15 years and is collateralized by sewer debt fund income tax receipts.

The Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) in 2015 for the purpose of a culvert replacement project. This loan is being repaid in semi-annual installments beginning in July of 2016. The debt will be repaid over a ten year period.

On April 29, 2015 the Village issued revenue bonds to purchase a building. The building will house the Village's public works and electric departments. These bonds are to be repaid in annual installments, over a nine year period.

The Village entered into a loan agreement with American Municipal Power, Inc. (AMP) on June 25, 2014 in the amount of \$5,500,000. The loan will be funded through AMP's line of credit. As of December 31, 2017 the Village had drawn down the full amount of the loan. The purpose of the loan was to make improvements to the Village's municipal electric system. The Village was only required to make interest payments on the loan until the completion of the project. \$700,936 was paid in principal from 2015 through 2018 by the Village. On December 6, 2018, this loan was paid in full with the issuance of the AMP Note.

On September 25, 2018, the Village entered into a loan agreement with the First Citizens Bank in the amount of \$950,000 for the purchase of an Automated Meter Information (AMI) system for both water and electric meters. As of December 31, 2018, the Village has not drawn funds from the loan.

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Principal and interest requirements to retire debt outstanding at December 31, 2018, were as follows:

Year	USDA Bonds		Revenue Bonds		OWDA Loans		OPWC Loans	Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2019	\$ 86,900	\$ 17,024	\$ 74,000	\$ 11,817	\$ 119,937	\$ 9,873	\$ 5,778	\$ 286,615	\$ 38,714
2020	86,900	14,960	74,000	9,874	121,139	8,668	5,778	287,817	33,502
2021	86,900	12,896	74,000	7,878	122,353	7,455	5,778	289,031	28,229
2022	86,900	10,833	74,000	5,908	123,580	6,228	5,778	290,258	22,969
2023	86,900	8,768	74,000	3,939	124,819	4,990	5,778	291,497	17,697
2024-2028	304,000	14,437	74,000	1,974	393,503	7,785	11,553	783,056	24,196
2029-2030	0	0	0	0	11,721	147	0	11,721	147
Total	\$ 738,500	\$ 78,918	\$ 444,000	\$ 41,390	\$ 1,017,052	\$ 45,146	\$ 40,443	\$2,239,995	\$ 165,454

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2018, were an overall debt margin of \$4,259,941 and an unvoted debt margin of \$1,879,731.

**Short Term Note**

On December 6, 2018, the Village entered into a note agreement for \$4,870,000 with American Municipal Power (AMP) to refinance the 2014 AMP loan. The note will be repaid with the Village's net receipts from the electric fund. The note has a maturity date of December 5, 2019.

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
<b>Business-Type Activities</b>					
AMP Note Payable	\$ 0	\$4,870,000	\$ 0	\$4,870,000	\$4,870,000

**Lease Purchase**

On December 8, 2017 the Village entered into a lease for new Ford F-450 truck. On September 5, 2018, the Village entered into a lease for new IT equipment.

Outstanding lease payments are as follows:

Year	Governmental Activities	Business-Type Activities
2019	\$ 18,836	\$ 42,214
2020	5,435	15,006
2021	4,095	12,285
	<u>28,366</u>	<u>69,505</u>
Less: Interest	1,258	3,773
Total	<u>\$ 27,108</u>	<u>\$ 65,732</u>



**Village of Carey**  
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**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

**Note 13 – Fund Balance**

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

	General	Other Governmental Funds	Total
Restricted for:			
Reinvestment and Enterprise Zone	\$ 0	\$ 2,000	\$ 2,000
Road Improvements	0	156,778	156,778
Cemetery	0	106,154	106,154
Police Operations	0	22,192	22,192
Total Restricted	<u>0</u>	<u>287,124</u>	<u>287,124</u>
Committed for:			
Capital Outlay	0	264,244	264,244
Recreation	0	251,018	251,018
Police Operations	0	9,953	9,953
Total Committed	<u>0</u>	<u>525,215</u>	<u>525,215</u>
Assigned for:			
Subsequent Year Appropriations	<u>582,897</u>	<u>0</u>	<u>582,897</u>
Unassigned	<u>24,064</u>	<u>0</u>	<u>24,064</u>
<i>Total Fund Balance</i>	<u><u>\$ 606,961</u></u>	<u><u>\$ 812,339</u></u>	<u><u>\$ 1,419,300</u></u>

**Village of Carey**  
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**Note 14 – Other Commitments and Contingencies**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 2,000 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.26 percent project 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. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. 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 of the impaired costs at March 31, 2014 was \$346,050. The Village received a credit of \$132,716 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$90,450 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU, leaving an estimated net impaired cost balance of \$122,884. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$130,761 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$4,154 and interest expense incurred on AMP's line-of-credit of \$969, resulting in a net credit balance for impaired cost estimate at December 31, 2017 of \$2,754. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU credit of \$9,595 resulting in a net credit balance for total potential liability of \$12,349, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

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

**Note 15 – Interfund**

During 2018, the general fund transferred \$105,988 to the bond sinking fund for principal and interest payments. The water, sewer, electric and storm water utility funds transferred \$26,336, \$26,336, \$26,336, and \$8,779, respectively, to the utility sinking fund for principal and interest payments.

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**Note 16 – Tax Abatements**

The Village of Carey has entered into tax abatement agreements with Continental Structural Plastics (CSP) of Ohio, Hanon Systems USA, and Wagner Ford, LLC for the abatement of real property taxes. Under the agreements established by Ohio Revised Code Sections 5709.632 and 3735.65 through 3735.70, the businesses agree to bring jobs and economic development into the Village in exchange for forgone property tax receipts.

Under the agreements, the Village's property tax receipts were abated by \$4,182.

**Note 17 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



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

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316-1056

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio (the Village) as of and for the years ended December 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 12, 2020, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

November 12, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CAREY**

**WYANDOT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/1/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)