



Dave Yost • Auditor of State

VILLAGE OF CAREY
WYANDOT COUNTY

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Dave Yost • Auditor of State

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, 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 year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Accounting Basis

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

Other Matters

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 December 22, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

December 22, 2016

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
UNAUDITED

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, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2014 are as follows:

In total, net position increased \$194,370. Net position of governmental activities increased \$35,967, which represents a 3 percent increase from 2013. Net position of business-type activities increased \$158,403 or 2 percent from 2013.

The Village's general receipts accounted for \$2,193,370 or 22 percent of all receipts. Program specific receipts in the form of charges of services and sales and operating grants, contributions and interest accounted for \$8,000,119 or 78 percent of total receipts of \$10,193,489.

Total program disbursements were \$9,999,119; \$1,690,714 in governmental activities and \$8,308,405 in business-type activities.

Outstanding debt decreased from \$2,058,792 to \$1,993,339 through payment of debt.

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.

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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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 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
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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 and recycling funds are reported as business-type activities.

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 2014 compared to 2013 on a cash basis:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and Cash Equivalents	\$ 1,402,687	\$ 1,366,720	\$ 7,625,624	\$ 7,467,221	\$ 9,028,311	\$ 8,833,941
Net Position						
Restricted	\$ 507,743	\$ 677,495	\$ 0	\$ 0	\$ 507,743	\$ 677,495
Unrestricted	894,944	689,225	7,625,624	7,467,221	8,520,568	8,156,446
<i>Total Net Position</i>	<u>\$ 1,402,687</u>	<u>\$ 1,366,720</u>	<u>\$ 7,625,624</u>	<u>\$ 7,467,221</u>	<u>\$ 9,028,311</u>	<u>\$ 8,833,941</u>

In 2014, total net position increased \$194,370. The primary reason contributing to this increase is the result of the operations of the sewer fund, partially offset by the electric fund operations.

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 2014 and 2013 for governmental activities, business-type activities and total primary government.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Receipts						
<i>Program Receipts</i>						
Charges for Services and Sales	\$ 88,494	\$ 97,552	\$ 7,696,325	\$ 6,584,987	\$ 7,784,819	\$ 6,682,539
Operating Grants, Contributions and Interest	202,701	221,080	12,599	50,409	215,300	271,489
<i>Total Program Receipts</i>	<u>291,195</u>	<u>318,632</u>	<u>7,708,924</u>	<u>6,635,396</u>	<u>8,000,119</u>	<u>6,954,028</u>
<i>General Receipts</i>						
Property Taxes	74,838	84,270	0	0	74,838	84,270
Income Taxes	893,413	775,781	594,454	524,004	1,487,867	1,299,785
Other Local Taxes	305,883	298,032	0	0	305,883	298,032
Proceeds of Loans	0	0	152,925	0	152,925	0
Grants and Entitlements	72,576	82,668	0	0	72,576	82,668
Investment Earnings	38,657	42,477	0	0	38,657	42,477
Miscellaneous	50,119	74,977	10,505	0	60,624	74,977
<i>Total General Receipts</i>	<u>1,435,486</u>	<u>1,358,205</u>	<u>757,884</u>	<u>524,004</u>	<u>2,193,370</u>	<u>1,882,209</u>
<i>Total Receipts</i>	<u>1,726,681</u>	<u>1,676,837</u>	<u>8,466,808</u>	<u>7,159,400</u>	<u>10,193,489</u>	<u>8,836,237</u>
Disbursements						
General Government	260,649	276,493	0	0	260,649	276,493
Security of Persons and Property	973,953	962,997	0	0	973,953	962,997
Public Health	17,634	19,328	0	0	17,634	19,328
Leisure Time Activities	61,054	62,276	0	0	61,054	62,276
Community and Economic Development	9,912	6,800	0	0	9,912	6,800
Basic Utilities	3,588	3,035	0	0	3,588	3,035
Transportation	167,226	210,274	0	0	167,226	210,274
Capital Outlay	128,354	103,683	0	0	128,354	103,683
Principal Retirement	59,068	55,000	0	0	59,068	55,000
Interest and Fiscal Charges	9,276	10,981	0	0	9,276	10,981
Electric	0	0	7,013,214	5,642,015	7,013,214	5,642,015
Recycling	0	0	36,740	60	36,740	60
Sewer	0	0	669,311	639,330	669,311	639,330
Storm Water utility	0	0	32,508	81,977	32,508	81,977
Utility Deposit	0	0	29,415	23,057	29,415	23,057
Water	0	0	527,217	410,625	527,217	410,625
<i>Total Disbursements</i>	<u>1,690,714</u>	<u>1,710,867</u>	<u>8,308,405</u>	<u>6,797,064</u>	<u>9,999,119</u>	<u>8,507,931</u>
<i>Change in Net Position</i>	35,967	(34,030)	158,403	362,336	194,370	328,306
<i>Net Position at Beginning of year</i>	1,366,720	1,400,750	7,467,221	7,104,885	8,833,941	8,505,635
<i>Net Position at End of year</i>	<u>\$ 1,402,687</u>	<u>\$ 1,366,720</u>	<u>\$ 7,625,624</u>	<u>\$ 7,467,221</u>	<u>\$ 9,028,311</u>	<u>\$ 8,833,941</u>

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
UNAUDITED
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Governmental Activities

Program receipts represent only 17 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 83 percent of the Village's total receipts, and of this amount, 89 percent are taxes. State and federal grants and entitlements make up 5 percent of the Village's general receipts. Other receipts, such as investments earnings, make up a small percentage (6 percent) of general receipts.

Disbursements for general government represent the overhead 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 \$973,953 represents 58 percent of the total disbursements. Transportation and capital outlay had disbursements of \$167,226 and 128,354 in 2014 equaling 10 and 8 percent of the total governmental service disbursements.

Business-type Activities

Business-type activities include water, sewer, electric, recycling and storm water utility operations. The receipts are generated primarily from charges for services. In 2014, charges for services of \$7,696,325 accounted for 91 percent of the business-type receipts. The total disbursements for the utilities were \$8,308,405. The increase in charges for services is due to increased electric billings, which is also directly related to the significant increase in electric purchased services as the Village had to pay more to purchase power. The Village had an increase in net position of \$158,403 for the business-type activities.

The Village's Funds

Total governmental funds had receipts of \$1,726,231, exclusive of other financing sources, and disbursements of \$1,690,714, exclusive of other financing uses. The fund balance of the general fund increased \$34,892, year end 2014.

All business-type funds had operating disbursements of \$8,106,892 which were greater than operating receipts of \$7,697,203 by \$409,689.

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
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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.

Budgeted receipts remained relatively the same during the year. The difference between final budgeted receipts and actual receipts was \$163,937. This change was mainly due to income tax receipts being higher than anticipated.

Final disbursements were budgeted at \$1,672,570 while actual disbursements came in at \$1,358,430, as cost savings were recognized during the year. The fund balance increased \$34,892 during 2014.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2014, the Village's outstanding debt was \$1,993,339. Table 3 summarizes outstanding debt.

Table 3
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 175,000	\$ 230,000	\$ 0	\$ 0	\$ 175,000	\$ 230,000
AMP Loan	0	0	152,925	0	152,925	0
OPWC Loan	0	0	180,402	229,679	180,402	229,679
OWDA Loans	0	0	1,485,012	1,599,113	1,485,012	1,599,113
<i>Total</i>	<u>\$ 175,000</u>	<u>\$ 230,000</u>	<u>\$ 1,818,339</u>	<u>\$ 1,828,792</u>	<u>\$ 1,993,339</u>	<u>\$ 2,058,792</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, 2014
UNAUDITED
(Continued)

Current Issues

The 2014 income taxes showed an upward trend, with the General Fund seeing an increase of about 15 percent (\$106,000) over 2013 levels.

This was the year of many projects, both small and large. The Village extended water, sewer and electric service to the site of the new school and provided increased water volume and pressure to the east end of the Village, along with upgrading the power supply to the new Arrowhead Commerce Park.

We were successful in two grant applications. We received a \$235,000 grant and an \$83,883 zero interest loan from the Ohio Public Works Commission's Small Government Committee to move ahead with Phase II of the Spring Run Culvert Project downtown. The second project is the expansion and retention efforts regarding our largest employer – Continental Structural Plastics. They will retain the current workforce of 750 people, and due to incentives, invest \$18,000,000 and add 50 new jobs. Tax incentives through the Enterprise Zone Program along with state assisted jobs training funds, and the agreement by the Village to construct a new electric substation for improved system reliability. With the help of the Wyandot County Economic Development Director, we were able to secure a \$1,500,000 grant toward the \$7,000,000 upgrade project from the US Economic Development Administration. Construction will begin this year with major equipment already bid and ordered in 2014, for installation in spring 2015.

The major capital equipment disbursements were for a new SUV Police Cruiser and a new 45 foot capacity bucket truck for the electric department.

There were no problems with the fire department during the first year of the Village buyout contract. Crawford Township received their credit for \$17,500 and contributed \$6,500 for fire protection services and current operations. A new truck is being discussed now because one of the current pumps is approaching the end of its useful life.

We contracted with an alternate vendor, Solar Planet Power, for design, installation and operation of a new two megawatt solar array located on Village owned property and completely financed by them. That system came on-line on December 29, 2014 and will now supplement our power supply portfolio for the next 25 years.

After review by the administration, electric fund receipts indicated the need for adjustment. Council approved the recommended rate increase of 4 percent for 2015 and 2 percent beginning January 2016, with further review at that time. Water fund receipts are now in the second year of a four-step increase of 20 percent per year.

Village of Carey
Wyandot County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2014
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Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government'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 Nickie Coppler, Fiscal Officer, Village of Carey, 127 N. Vance Street, Carey, Ohio 43316-1056, telephone 419-396-7681 or email Nickie.Coppler@careyohio.org.

Village of Carey
Wyandot County, Ohio
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,402,687	\$ 7,625,624	\$ 9,028,311
Net Position			
Restricted for:			
Capital Projects	\$ 55,798	\$ 0	\$ 55,798
Other Purposes	451,945	0	451,945
Unrestricted	894,944	7,625,624	8,520,568
<i>Total Net Position</i>	<u>\$ 1,402,687</u>	<u>\$ 7,625,624</u>	<u>\$ 9,028,311</u>

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, 2014

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 260,649	\$ 16,612	\$ 0	\$ (244,037)	\$ 0	\$ (244,037)
Security of Persons and Property	973,953	23,589	7,895	(942,469)	0	(942,469)
Public Health	17,634	30,628	0	12,994	0	12,994
Leisure Time Activities	61,054	15,940	1,760	(43,354)	0	(43,354)
Community and Economic Development	9,912	1,725	0	(8,187)	0	(8,187)
Basic Utility Services	3,588	0	0	(3,588)	0	(3,588)
Transportation	167,226	0	193,046	25,820	0	25,820
Capital Outlay	128,354	0	0	(128,354)	0	(128,354)
Debt Service:						
Principal Retirement	59,068	0	0	(59,068)	0	(59,068)
Interest and Fiscal Charges	9,276	0	0	(9,276)	0	(9,276)
<i>Total Governmental Activities</i>	1,690,714	88,494	202,701	(1,399,519)	0	(1,399,519)
Business Type-Activities						
Electric	7,013,214	6,625,179	0	0	(388,035)	(388,035)
Recycling	36,740	41,440	11,941	0	16,641	16,641
Sewer	669,311	428,350	658	0	(240,303)	(240,303)
Storm Water Utility	32,508	196,726	0	0	164,218	164,218
Utility Deposit	29,415	35,253	0	0	5,838	5,838
Water	527,217	369,377	0	0	(157,840)	(157,840)
<i>Total Business-Type Activities</i>	8,308,405	7,696,325	12,599	0	(599,481)	(599,481)
<i>Total - Primary Government</i>	\$ 9,999,119	\$ 7,784,819	\$ 215,300	(1,399,519)	(599,481)	(1,999,000)
General Receipts						
Property Taxes Levied for						
General Purposes				74,838	0	74,838
Income Taxes				893,413	594,454	1,487,867
Other Local Taxes				305,883	0	305,883
Grants and Entitlements Not						
Restricted to Specific Programs				72,576	0	72,576
Proceeds of Loans				450	152,925	153,375
Investment Earnings				38,657	0	38,657
Miscellaneous				49,669	10,505	60,174
<i>Total General Receipts</i>				1,435,486	757,884	2,193,370
<i>Change in Net Position</i>				35,967	158,403	194,370
<i>Net Position Beginning of Year</i>				1,366,720	7,467,221	8,833,941
<i>Net Position End of Year</i>				\$ 1,402,687	\$ 7,625,624	\$ 9,028,311

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, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 724,117</u>	<u>\$ 678,570</u>	<u>\$ 1,402,687</u>
Fund Balances			
Restricted	\$ 0	\$ 507,743	\$ 507,743
Committed	0	170,827	170,827
Assigned	394,423	0	394,423
Unassigned	329,694	0	329,694
<i>Total Fund Balances</i>	<u>\$ 724,117</u>	<u>\$ 678,570</u>	<u>\$ 1,402,687</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, 2014

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$ 74,838	\$ 0	\$ 74,838
Income Taxes	804,072	89,341	893,413
Other Local Taxes	305,883	0	305,883
Special Assessments	626	0	626
Charges for Services	11,635	42,898	54,533
Licenses and Permits	6,049	0	6,049
Fines and Forfeitures	7,012	1,488	8,500
Intergovernmental	72,575	191,192	263,767
Interest	38,657	1,854	40,511
Rent	15,117	3,670	18,787
Contributions and Donations	7,895	1,760	9,655
Other	48,513	1,156	49,669
<i>Total Receipts</i>	<u>1,392,872</u>	<u>333,359</u>	<u>1,726,231</u>
Disbursements			
Current:			
General Government	260,649	0	260,649
Security of Persons and Property	971,900	2,053	973,953
Public Health	0	17,634	17,634
Leisure Time Activities	0	61,054	61,054
Community and Economic Development	9,912	0	9,912
Basic Utility Services	3,588	0	3,588
Transportation	0	167,226	167,226
Capital Outlay	48,462	79,892	128,354
Debt Service:			
Principal Retirement	55,000	4,068	59,068
Interest and Fiscal Charges	8,919	357	9,276
<i>Total Disbursements</i>	<u>1,358,430</u>	<u>332,284</u>	<u>1,690,714</u>
<i>Excess of Receipts Over Disbursements</i>	<u>34,442</u>	<u>1,075</u>	<u>35,517</u>
Other Financing Sources			
Sale of Assets	450	0	450
<i>Net Change in Fund Balances</i>	34,892	1,075	35,967
<i>Fund Balances Beginning of Year</i>	<u>689,225</u>	<u>677,495</u>	<u>1,366,720</u>
<i>Fund Balances End of Year</i>	<u>\$ 724,117</u>	<u>\$ 678,570</u>	<u>\$ 1,402,687</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts				
Property Taxes	\$ 85,000	\$ 85,000	\$ 74,838	\$ (10,162)
Income Taxes	637,200	637,200	804,072	166,872
Other Local Taxes	312,900	312,900	305,883	(7,017)
Special Assessments	400	400	626	226
Charges for Services	17,600	17,600	11,635	(5,965)
Licenses and Permits	4,275	4,275	6,049	1,774
Fines and Forfeitures	8,600	8,600	7,012	(1,588)
Intergovernmental	79,310	79,310	72,575	(6,735)
Interest	8,100	8,100	38,657	30,557
Rent	18,000	18,000	15,117	(2,883)
Gifts and Contributions	5,000	5,000	7,895	2,895
Other	27,425	50,000	48,513	(1,487)
<i>Total Receipts</i>	<u>1,203,810</u>	<u>1,226,385</u>	<u>1,392,872</u>	<u>166,487</u>
Disbursements				
Current:				
General Government	364,843	366,824	260,649	106,175
Security of Persons and Property	1,135,046	1,144,650	971,900	172,750
Public Health	12,000	12,000	0	12,000
Community and Economic Development	12,396	12,396	9,912	2,484
Basic Utility Services	3,700	3,700	3,588	112
Capital Outlay	66,000	66,000	48,462	17,538
Debt Service:				
Principal Retirement	55,000	55,000	55,000	0
Interest and Fiscal Charges	12,000	12,000	8,919	3,081
<i>Total Disbursements</i>	<u>1,660,985</u>	<u>1,672,570</u>	<u>1,358,430</u>	<u>314,140</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(457,175)	(446,185)	34,442	480,627
Other Financing Sources (Uses)				
Sale of Assets	3,000	3,000	450	(2,550)
<i>Net Change in Fund Balance</i>	(454,175)	(443,185)	34,892	478,077
<i>Fund Balance Beginning of Year</i>	<u>689,225</u>	<u>689,225</u>	<u>689,225</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 235,050</u>	<u>\$ 246,040</u>	<u>\$ 724,117</u>	<u>\$ 478,077</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, 2014

	Business-Type Activities				Total Enterprise Funds
	Sewer	Electric	Storm Water Utility	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	<u>\$ 3,313,127</u>	<u>\$ 3,004,571</u>	<u>\$ 825,448</u>	<u>\$ 482,478</u>	<u>\$ 7,625,624</u>
Net Position					
Unrestricted	<u>\$ 3,313,127</u>	<u>\$ 3,004,571</u>	<u>\$ 825,448</u>	<u>\$ 482,478</u>	<u>\$ 7,625,624</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, 2014

	Business-Type Activities				
	Sewer	Electric	Storm Water Utility	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$ 428,350	\$ 6,625,179	\$ 196,726	\$ 446,070	\$ 7,696,325
Other Operating Receipts	0	878	0	0	878
<i>Total Operating Receipts</i>	<u>428,350</u>	<u>6,626,057</u>	<u>196,726</u>	<u>446,070</u>	<u>7,697,203</u>
Operating Disbursements					
Personal Services	197,048	322,955	0	215,658	735,661
Employee Fringe Benefits	75,397	138,633	0	84,305	298,335
Contractual Services	94,225	6,195,698	14,981	69,681	6,374,585
Materials and Supplies	40,311	50,910	17,527	24,200	132,948
Capital Outlay	69,266	305,018	0	191,079	565,363
<i>Total Operating Disbursements</i>	<u>476,247</u>	<u>7,013,214</u>	<u>32,508</u>	<u>584,923</u>	<u>8,106,892</u>
<i>Operating Income (Loss)</i>	<u>(47,897)</u>	<u>(387,157)</u>	<u>164,218</u>	<u>(138,853)</u>	<u>(409,689)</u>
Non-Operating Receipts (Disbursements)					
Income Taxes	594,454	0	0	0	594,454
Intergovernmental	658	0	0	11,941	12,599
Proceeds from Loans	0	152,925	0	0	152,925
Principal Payments	(167,446)	0	0	(7,768)	(175,214)
Interest and Fiscal Charges	(20,412)	0	0	(681)	(21,093)
Other Non-Operating Expenses	(5,206)	0	0	0	(5,206)
Other Non-Operating Revenues	2,407	3,851	0	3,369	9,627
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>404,455</u>	<u>156,776</u>	<u>0</u>	<u>6,861</u>	<u>568,092</u>
<i>Change in Net Position</i>	356,558	(230,381)	164,218	(131,992)	158,403
<i>Net Position Beginning of Year</i>	<u>2,956,569</u>	<u>3,234,952</u>	<u>661,230</u>	<u>614,470</u>	<u>7,467,221</u>
<i>Net Position End of Year</i>	<u>\$ 3,313,127</u>	<u>\$ 3,004,571</u>	<u>\$ 825,448</u>	<u>\$ 482,478</u>	<u>\$ 7,625,624</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, 2014

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

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

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, 2014
(Continued)

Government-Wide Financial Statements

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

The statement of net position presents the cash 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, 2014
(Continued)

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 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 their related receipts (such as accounts receivable and receipt for billed or provided services not yet collected) and certain liabilities 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, 2014
(Continued)

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 2014, the Village invested in certificates of deposit.

Interest earnings are allocated to Village funds according to State statutes, grant requirements or debt related restrictions. Interest receipts credited to the General Fund during 2014 amounted to \$38,657, which includes \$36,132 assigned from other Village funds.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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 and parks and recreation.

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, 2014
(Continued)

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.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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 - Change in Accounting Principle

For the fiscal year ended December 31, 2014, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Village.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 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 \$-0- for the general fund.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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;
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 and STAR Plus).

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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, \$4,472,052 of the Village's bank balance of \$9,095,450 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. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Income Taxes

The Village levies a 1.5 percent income tax. By Council action, the first one percent of income tax receipt is divided as follows: 90 percent to the General Fund and 10 percent to the Parks 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 receipt received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

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

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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

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

The full tax rate for all Village operations for the year ended December 31, 2014, was \$1.90 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Estate	\$ 44,976,010
Public Utility Personal Property	<u>592,590</u>
Total Assessed Value	<u>\$ 45,568,600</u>

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

Note 8 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other disbursements resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and net position at December 31, 2013 and 2014.

	2013	2014
Casualty Coverage and Property Coverage		
Assets	\$ 34,411,883	\$ 35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$ 21,651,689</u>	<u>\$ 23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed to approximately 475 members in 2013 and 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$38,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2012	\$ 54,965
2013	60,378
2014	56,951

After one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim disbursements become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

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.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2014, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 13.0 percent, respectively.

The Village's 2014 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2.0 percent for 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0 percent during calendar year 2014.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$135,012, \$138,929, and \$102,636, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The Village has no firefighters.

The Village’s contributions to OP&F for police pension were \$60,526, \$52,161 and \$32,428 for the years ended December 31, 2014, 2013 and 2012, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the 2013 stand-alone financial report referred to below.

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

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll, 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 members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0 percent for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$22,502, \$10,687, and \$41,055, respectively. The full amount has been contributed for 2014, 2013 and 2012.

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

B. Ohio Police and Fire Pension Fund

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

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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 by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contribution allocated to health care was 0.5 percent of covered payroll from January 1, 2014 through December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$1,593, \$11,715 and \$17,168, respectively, for the years ended December 31, 2014, 2013 and 2012. The full amount has been contributed for 2014, 2013 and 2012.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

Note 11 – Debt

Debt outstanding at December 31, 2014 was as follows:

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds - Firehouse	3.75-4.00%	\$ 525,000	December 1, 2017
OWDA Loan - WWTP Improvements	1.00%	2,240,415	January 1, 2027
OWDA Loan - Storm Sewer	1.00%	107,311	January 1, 2031
OPWC Loan - Sanitary Sewer	2.00%	691,976	July 1, 2018
AMP Loan - Electric Improvements	1.60%	5,500,000	December 31, 2034

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

	<u>Balance</u> <u>12/31/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2014</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Firehouse Bonds	<u>\$ 230,000</u>	<u>\$ 0</u>	<u>\$ (55,000)</u>	<u>\$ 175,000</u>	<u>\$ 55,000</u>
Business-Type Activities					
OWDA Loan - WWTP Improvements	\$ 1,506,567	\$ 0	\$ (109,081)	\$ 1,397,486	\$ 110,175
OWDA Loan - Storm Sewer	92,546	0	(5,020)	87,526	5,071
OPWC Loan - Sanitary Sewer	229,679	0	(49,277)	180,402	50,268
AMP Loan - Electric Improvements	0	152,925	0	152,925	0
Total Business-Type Activities	<u>\$ 1,828,792</u>	<u>\$ 152,925</u>	<u>\$ (163,378)</u>	<u>\$ 1,818,339</u>	<u>\$ 165,514</u>

The general obligation bonds are supported by the full faith and credit of the Village of Carey and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. Payments are being paid from the General Fund.

On December 20, 2007, the Village issued \$525,000 in unvoted general obligation bonds for the purpose of constructing a new firehouse. The Village received \$532,536 in bond proceeds, which included a premium of \$7,536.

The Village has pledged future water receipts and sewer receipts, net of specified operating disbursements to repay \$1,665,414 of Ohio Public Works Commission (OPWC) loans and the Ohio Water Development Authority (OWDA) loans. 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 42.8 percent. The total principal and interest remaining to be paid on the loans is \$1,769,119. Principal and interest paid for the current year and total net receipts were \$183,433 and \$400,808, 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.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

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 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 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, 2014 the Village has drawn down \$152,925 of the loan. The purpose of the loan is to make improvements to the Village's municipal electric system. The Village is only required to make interest payments on the loan until the completion of the project. The loan will be repaid with the Village's net receipts from the electric fund. At December 31, 2014, the amortization schedule was not available for this loan, therefore, it is not included below.

Principal and interest requirements to retire debt outstanding at December 31, 2014, were as follows:

Year	General Obligation Bonds		OWDA Loans		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 55,000	\$ 6,856	\$ 115,246	\$ 14,563	\$ 50,268	\$ 3,358
2016	60,000	4,725	116,400	13,406	51,278	2,348
2017	60,000	2,400	117,568	12,241	52,309	1,317
2018	0	0	118,746	11,062	26,547	265
2019	0	0	119,937	9,872	0	0
2020-2024	0	0	617,963	31,078	0	0
2025-2029	0	0	273,263	4,151	0	0
2030	0	0	5,889	44	0	0
Total	<u>\$ 175,000</u>	<u>\$ 13,981</u>	<u>\$ 1,485,012</u>	<u>\$ 96,417</u>	<u>\$ 180,402</u>	<u>\$ 7,288</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014, were an overall debt margin of \$4,609,703 and an unvoted debt margin of \$2,331,273.

The Village also entered into a waterline extension project agreement with the Water and Sewer Rotary Commission whereby the Commission advanced \$90,000 to the Village for an indefinite term beginning November 30, 2001. The purpose of this agreement is to promote the development of the Village by providing utility service to undeveloped property located in certain agricultural districts within the Village. Repayment of the amount advanced will be determined by the date in which the use of such property has been changed pursuant to Ohio Revised Code Section 929.03(D). The Village, upon such change in use, collected from the property owner an assessment for the portion of changed property and made repayment to the Commission in the amount of \$33,311 for the portion of changed property. The balance of the advance was \$56,689 at December 31, 2014.

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

Note 12 – Leases

The Village leases a truck under a noncancelable lease. The Village disbursed \$17,299 to pay lease costs for the year ended December 31, 2014. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2015	<u>\$ 17,299</u>

Note 13 – 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 14 – 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:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:			
Community Center	\$ 0	\$ 55,798	\$ 55,798
Road Improvements	0	320,642	320,642
Cemetery	0	130,774	130,774
Police Operations	0	529	529
Total Restricted	<u>0</u>	<u>507,743</u>	<u>507,743</u>
Committed for:			
Capital Outlay	0	390	390
Recreation	0	170,437	170,437
Total Committed	<u>0</u>	<u>170,827</u>	<u>170,827</u>
Assigned for:			
Subsequent Year Appropriations	<u>394,423</u>	<u>0</u>	<u>394,423</u>
Unassigned	<u>329,694</u>	<u>0</u>	<u>329,694</u>
<i>Total Fund Balance</i>	<u>\$ 724,117</u>	<u>\$ 678,570</u>	<u>\$ 1,402,687</u>

Village of Carey
Wyandot County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2014
(Continued)

Note 15 – Other Commitments and Contingencies

The Village of Carey is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 2,000 kilowatts of a total of 771,281 kilowatts, giving the Village a 0.26 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$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, leaving a net impaired cost estimate of \$122,884. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. The Village made payments in 2014 totaling \$35,841 leaving a net impaired cost estimate of \$89,153 at December 31, 2014.

The Village intends to recover these costs and repay AMP over the next 2 years through a power cost adjustment.



Dave Yost • Auditor of State

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

Village of 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 year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 22, 2016 wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

December 22, 2016

VILLAGE OF CAREY
WYANDOT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014

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

FINDING NUMBER 2014-001

MATERIAL WEAKNESS

FINANCIAL REPORTING

The Village's management is responsible for the fair presentation of the financial statements. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. During 2014, adjustments were made such as the following:

Park Fund committed net position of \$169,859 was reported as restricted for other purposes instead of unrestricted on the statement of net position.

Additional audit adjustments were made in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council to identify and correct errors and omissions. Furthermore, the Village should review Audit Bulletin 2011-004 for information on GASB Statement No. 54.

Officials' Response:

The Village had a new fiscal officer in January of 2015. She has spent the last twenty-two months learning all aspects of being the Fiscal Officer. The Park Fund classification error was overlooked and I will make every effort in the future to ensure that funds are classified correctly, according to GASB No. 54. The Village will also review financial statements and notes to ensure accuracy.

VILLAGE OF CAREY
WYANDOT COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014

Finding Number	Finding Summary	Status	Additional Information
2013-01	Significant deficiency- Ohio Adm. Code § 117-2- 02 due to errors over financial reporting.	Partially corrected and repeated as Finding 2014-001.	There was a new fiscal officer in January of 2015 and she has been in the process of learning all aspects of the job. Fiscal officer will ensure these are accounted for correctly in the future.



Dave Yost • Auditor of State

VILLAGE OF CAREY

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 12, 2017