



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ELMORE
OTTAWA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2019	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type For the Year Ended December 31, 2019	6
Notes to the Financial Statements - For the Year Ended December 31, 2019	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2018	24
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type For the Year Ended December 31, 2018	25
Notes to the Financial Statements - For the Year Ended December 31, 2018	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43
Schedule of Findings.....	45
Summary Schedule of Prior Audit Findings (Prepared by Management)	47

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Village of Elmore
Ottawa County
344 Rice Street
P.O. Box 3
Elmore, Ohio 43416-0003

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Elmore, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Elmore, Ottawa County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020

This page intentionally left blank.

Village of Elmore
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$170,951	\$163,855		\$334,806
Municipal Income Tax	397,296		\$334,476	731,772
Intergovernmental	50,287	141,653		191,940
Charges for Services	17,166	900		18,066
Fines, Licenses and Permits	18,309	1,170		19,479
Earnings on Investments	40,118	474		40,592
Miscellaneous	28,050	12		28,062
<i>Total Cash Receipts</i>	<u>722,177</u>	<u>308,064</u>	<u>334,476</u>	<u>1,364,717</u>
Cash Disbursements				
Current:				
Security of Persons and Property	405,795	650		406,445
Public Health Services	3,804	12,400		16,204
Leisure Time Activities	6,263			6,263
Community Environment	5,357			5,357
Basic Utility Services		66,404	38,893	105,297
Transportation	819	206,653		207,472
General Government	153,121		9,938	163,059
Debt Service:				
Principal Retirement			218,182	218,182
<i>Total Cash Disbursements</i>	<u>575,159</u>	<u>286,107</u>	<u>267,013</u>	<u>1,128,279</u>
<i>Excess of Receipts Over Disbursements</i>	<u>147,018</u>	<u>21,957</u>	<u>67,463</u>	<u>236,438</u>
Other Financing Receipts				
Sale of Capital Assets			20,406	20,406
Transfers In			12	12
<i>Total Other Financing Receipts</i>			<u>20,418</u>	<u>20,418</u>
<i>Net Change in Fund Cash Balances</i>	147,018	21,957	87,881	256,856
<i>Fund Cash Balances, January 1</i>	<u>270,524</u>	<u>509,995</u>	<u>1,597,449</u>	<u>2,377,968</u>
Fund Cash Balances, December 31				
Restricted		530,156	425,372	955,528
Committed		1,796	1,259,958	1,261,754
Assigned	40,027			40,027
Unassigned	377,515			377,515
<i>Fund Cash Balances, December 31</i>	<u>\$417,542</u>	<u>\$531,952</u>	<u>\$1,685,330</u>	<u>\$2,634,824</u>

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

Village of Elmore
Ottawa County
*Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)*
Proprietary Fund Type
For the Year Ended December 31, 2019

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,349,493
Miscellaneous	17,559
	<u>2,367,052</u>
 Operating Cash Disbursements	
Personal Services	251,416
Employee Fringe Benefits	73,358
Contractual Services	1,449,940
Supplies and Materials	99,875
Other	761
	<u>1,875,350</u>
 <i>Total Operating Cash Receipts</i>	<u>2,367,052</u>
 <i>Total Operating Cash Disbursements</i>	<u>1,875,350</u>
 <i>Operating Income</i>	<u>491,702</u>
 Non-Operating Receipts (Disbursements)	
Sale of Fixed Assets	2,394
Miscellaneous Receipts	7
Capital Outlay	(117,018)
Principal Retirement	(336,109)
Interest and Other Fiscal Charges	(9,036)
	<u>(9,036)</u>
 <i>Total Non-Operating Receipts (Disbursements)</i>	<u>(459,762)</u>
 <i>Income Before Transfers</i>	31,940
 Transfers Out	<u>(12)</u>
 <i>Net Change in Fund Cash Balances</i>	31,928
 <i>Fund Cash Balances, January 1</i>	<u>2,219,570</u>
 <i>Fund Cash Balances, December 31</i>	<u>\$2,251,498</u>

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Elmore (the Village), Ottawa County, Ohio 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. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and electric utilities, park operations (leisure time activities), police services, general government services, zoning operations (community environment), street and highway maintenance (transportation), and refuse collection (basic utility services). The Village contracts with Harris Township to receive fire protection and emergency medical services.

Public Entity Risk Pool and Joint Ventures

The Village participates in a public entity risk pool and six joint ventures. Notes 6 and 11 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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

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

Street Construction, Maintenance, and Repair Fund The Street Construction, Maintenance, and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Solid Waste Fund The Solid Waste Fund receives money from property taxes to dispose of solid waste from Village residents.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Sewer Treatment Plant Fund The Sewer Treatment Plant Fund receives a portion of the Village income tax and is used to pay for costs associated with upgrading the current Wastewater Treatment Plant, including debt service payments.

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

Electric Operating Fund The Electric Operating Fund accounts for the provision of electric services to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Deposits and Investments

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

The Village's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$663,904	\$722,177	\$58,273
Special Revenue	225,990	308,064	82,074
Capital Projects	345,736	354,894	9,158
Enterprise	2,260,320	2,369,453	109,133
Total	\$3,495,950	\$3,754,588	\$258,638

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$694,194	\$578,099	\$116,095
Special Revenue	375,584	286,107	89,477
Capital Projects	819,554	271,031	548,523
Enterprise	3,138,992	2,337,525	801,467
Total	\$5,028,324	\$3,472,762	\$1,555,562

Note 4 - Deposits and Investments

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

	2019
Demand deposits	\$3,249,266
STAR Plus	\$1,057,380
Cash on Hand	660
Total deposits	4,307,306
STAR Ohio	579,016
Total deposits and investments	\$4,886,322

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 - Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village contracts with Regional Income Tax Authority (RITA) to administer the Village Municipal Income Taxes.

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Risk Pool Membership

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of his gross salary. The Village contributed an amount equal to 6.2 percent of the participant's gross salary. The Village has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 - Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 2999	\$34,098	6%
Ohio Water Development Authority Loan - 6225	2,777,013	0%
Ohio Public Works Commission Loan - CT22M	72,715	0%
Ohio Public Works Commission Loan - CE27L	193,792	0%
Omega JV5	342,452	2-5%
Total	\$3,420,070	

Ohio Water Development Authority (OWDA) loan - 2999 relates to storm sewer separation project which was mandated by the Ohio Environmental Protection Agency (EPA). The OWDA approved \$305,094 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$12,333 including interest over 25 years. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirement.

OWDA Loan - 6225 relates to wastewater treatment plant upgrade project which was mandated by the National Pollutant Discharge Elimination System (NPDES) Permit No. 2PB00051 after a required study found the need to eliminate an existing plant overflow and at the same time meeting both current and proposed effluent requirements. The OWDA approved \$4,114,093 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$102,852, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

service requirement.

Ohio Public Works (OPWC) Loan - CE27L relates to the replacement of the River Sanitary Sewer Interceptor and was approved in the amount of \$270,407. The loan will be repaid in semiannual installments of \$4,507 over 30 years, at a 0% interest rate.

OPWC Loan - CT22M relates to Rice Street sanitary sewer project and was approved in the amount of \$103,878. The loan will be repaid in semiannual installments of \$1,731 over 30 years, at a 0% interest rate.

OMEGA JV5 loan relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA-JV5). OMEGA-JV5 is a distributive generation project. An amortization schedule for the repayment of the loan is currently not available and, therefore, is not included in the schedule below.

Amortization

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

Year Ending December 31:	OWDA Loan - 2999	OWDA - Loan 6225	OPWC Loan - CT22M	OPWC Loan - CE27L
2020	\$23,865	\$205,705	\$3,463	\$9,014
2021	12,060	205,705	3,463	9,014
2022		205,705	3,463	9,014
2023		205,705	3,463	9,014
2024		205,705	3,463	9,014
2025-2029		1,028,523	17,313	45,068
2030-2034		719,965	17,313	45,068
2035-2039			17,313	45,068
2040-2041			3,461	13,518
Total	\$35,925	\$2,777,013	\$72,715	\$193,792

AMP Generating Station (AMPGS) Project

The Village 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 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 \$173,962. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,255 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$100,260. AMP financed these costs on

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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. These amounts will be recorded as they become estimable.

Since March 31, 2014 the Village has made payments of \$103,424 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,102 and interest expense incurred on AMP's line-of-credit of \$723, resulting in a net credit balance for impaired cost estimate at December 31, 2019 of \$1,043. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU Liability of \$50,220 resulting in a net total potential liability of \$49,177, assuming the assets making up the PHFU (principally the land comprising the Meigs County Site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property. AMP still intends to develop this site for the construction of a generating asset; however, at December 31, 2019, the type of future generating asset had not been determined. In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the project. Following mediation, AMP and Bechtel reached a settlement which resolved all claims. The terms of such settlement are confidential.

Note 10 - Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 - Joint Ventures

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .27% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 is a cooperative project composed of 36 AMP member communities. The joint venture owns three gas turbine peaking generation units and 35 diesel units. The project has a subscribed capacity of 134,096 megawatts. Thirty-four of the diesel units were upgraded in 2015 with Diesel Oxidation Catalysts to meet the new RICE NESHAP rules. AMP manages the project on behalf of participants and can operate the diesel units remotely from its Energy Control Center to provide

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

participating communities with reduced capacity costs, energy and transmission charges, and distributed generation during times of high market energy prices.

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV2, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2019, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV2 participant to makes any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV2 may take certain actions including the termination of a defaulting JV2 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV2 Participant's entitlement of Project Power, which together with the share of the other non-defaulting JV2 Participants, is equal to the defaulting JV2 Participant's ownership share of the project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV2 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV2 Participant's ownership share of the project prior to any such increases.

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was \$8,644 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2019 are:

THIS SPACE INTENTIONALLY LEFT BLANK

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>	<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>
Hamilton	32,000	23.87%	Grafton	1,056	0.79%
Bowling Green	19,198	14.32%	Brewster	1,000	0.75%
Niles	15,400	11.48%	Monroeville	764	0.57%
Cuyahoga Falls	10,000	7.46%	Milan	737	0.55%
Wadsworth	7,784	5.81%	Oak Harbor	737	0.55%
Painesville	7,000	5.22%	Elmore	364	0.27%
Dover	7,000	5.22%	Jackson Center	300	0.22%
Galion	5,753	4.29%	Napoleon	264	0.20%
Amherst	5,000	3.73%	Lodi	218	0.16%
St. Mary's	4,000	2.98%	Genoa	199	0.15%
Montpelier	4,000	2.98%	Pemberville	197	0.15%
Shelby	2,536	1.89%	Lucas	161	0.12%
Versailles	1,660	1.24%	South Vienna	123	0.09%
Edgerton	1,460	1.09%	Bradner	119	0.09%
Yellow Springs	1,408	1.05%	Woodville	81	0.06%
Oberlin	1,217	0.91%	Haskins	73	0.05%
Pioneer	1,158	0.86%	Arcanum	44	0.03%
Seville	1,066	0.80%	Custar	4	0.00%
Subtotal	127,640	95.20%		6,441	4.80%
			Grand Total	134,081	100.00%

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village is a Financing Participant with an ownership percentage of 0.58%, and shares participation with forty-one other subdivisions within the State of Ohio in the OMEGA JV5. Financing Participants own undivided interests, as tenants in common, without right of participation in the OMEGA JV5 Project.

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

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

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2019, the Village has met its debt coverage obligation.

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

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2018, \$34,840,755 of the 2001 Belleville Beneficial Interest Certificates ("2001 BICs") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the "JV5 Note"). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "2016 BICs") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The 2001 BICs and 2016 BICs are non-recourse to AMP. As of December 31, 2019, the outstanding debt was \$58,946,680.

The Village's net investment and its share of the operating results of OMEGA JV5 are reported in the Village's electric fund (an enterprise fund). The Village's net investment in OMEGA JV5 was \$17,358 at December 31, 2019. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The Village is a Financing Participant with an ownership percentage of 1.39% and shares participation with nine other subdivisions within the State of Ohio in the OMEGA JV6. Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Pursuant to the OMEGA JV6 Agreement (Agreement), the participants agree to jointly plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green, Ohio. Each turbine has nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess fund shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2019, Village of Elmore has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date thereof constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by AMP, which acts as the joint venture's agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The Village's net investment in OMEGA JV6 was \$63,369 at December 31, 2019. Complete financial statements for OMEGA JV6 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

The ten participating subdivisions and their respective ownership shares at December 31, 2019 are:

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgerton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	<u>7,200</u>	<u>100.00%</u>

D. Combined Hydroelectric Projects

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2019, \$2,354,485,000 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.1 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 300 kW or 0.14% of capacity and associated energy from the Combined Hydroelectric Projects.

E. AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser. AMP subsequently sold a 5.16% undivided ownership interest

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2019, \$489,280,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 265 kW or 0.06% of capacity and associated energy from the AFEC.

F. Prairie State Energy Campus

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “PSEC Ownership Interest”) in the Prairie State Energy Campus (“PSEC”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“AMP 368 LLC”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2019, AMP had \$1,696,800,000 aggregate principal amount of Prairie State Bonds.

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 498 kW or 0.14% of capacity and associated energy from the PSEC.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 12 - Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 - AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Operating Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Operating Fund is presented below:

THIS SPACE INTENTIONALLY LEFT BLANK

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

	2019
Total Fund Cash Balance	\$1,210,795
Total Long-Term Debt	342,452
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,789,120
Other Operating Receipts	7,487
Total Operating Receipts	1,796,607
 Operating Expenses	
Personal Services	120,983
Fringe Benefits	40,569
Contractual Services	1,292,192
Supplies and Material	16,114
Total Operating Expenses	1,469,858
 Operating Income	 326,749
 Nonoperating Receipts (Disbursements)	
Principal Payments	(314,952)
Interest Payments	(6,826)
Other Nonoperating Receipts (Disbursements)	(48,154)
Change in Fund Cash Balance	(43,183)
Beginning Fund Cash Balance	1,253,978
Ending Fund Cash Balance	\$1,210,795
 Condensed Cash Flows Information:	
	2019
Net Cash Provided by:	
Operating Activities	\$326,749
 Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(314,952)
Interest Payments on Capital and Related Debt	(6,826)
Other Capital and Related Financing Activities	(48,154)
Net Cash (Used) by Capital and Related Financing Activities	(369,932)
 Net Increase (Decrease)	 (43,183)
Beginning Fund Cash Balance	1,253,978
Ending Fund Cash Balance	\$1,210,795

Village of Elmore
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$167,955	\$160,344		\$328,299
Municipal Income Tax	428,426		\$349,334	777,760
Intergovernmental	45,353	98,128		143,481
Charges for Services	17,748	550		18,298
Fines, Licenses and Permits	17,244	200		17,444
Earnings on Investments	33,756	490		34,246
Miscellaneous	65,628	2,865		68,493
<i>Total Cash Receipts</i>	<u>776,110</u>	<u>262,577</u>	<u>349,334</u>	<u>1,388,021</u>
Cash Disbursements				
Current:				
Security of Persons and Property	353,728			353,728
Public Health Services	3,804			3,804
Leisure Time Activities	9,253			9,253
Community Environment	3,734			3,734
Basic Utility Services		66,105	126,803	192,908
Transportation	1,000	287,381		288,381
General Government	199,610		12,908	212,518
Debt Service:				
Principal Retirement			218,181	218,181
<i>Total Cash Disbursements</i>	<u>571,129</u>	<u>353,486</u>	<u>357,892</u>	<u>1,282,507</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>204,981</u>	<u>(90,909)</u>	<u>(8,558)</u>	<u>105,514</u>
Other Financing Receipts				
Sale of Capital Assets		9,681	3,495	13,176
<i>Net Change in Fund Cash Balances</i>	204,981	(81,228)	(5,063)	118,690
<i>Fund Cash Balances, January 1</i>	<u>65,543</u>	<u>591,223</u>	<u>1,602,512</u>	<u>2,259,278</u>
Fund Cash Balances, December 31				
Restricted		508,199	425,372	933,571
Committed		1,796	1,172,077	1,173,873
Assigned	30,290			30,290
Unassigned	240,234			240,234
<i>Fund Cash Balances, December 31</i>	<u>\$270,524</u>	<u>\$509,995</u>	<u>\$1,597,449</u>	<u>\$2,377,968</u>

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

Village of Elmore
Ottawa County
*Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)*
Proprietary Fund Type
For the Year Ended December 31, 2018

	Enterprise
Operating Cash Receipts	
Charges for Services	\$2,491,269
Miscellaneous	13,275
	<u>2,504,544</u>
<i>Total Operating Cash Receipts</i>	<i>2,504,544</i>
Operating Cash Disbursements	
Personal Services	264,628
Employee Fringe Benefits	102,272
Contractual Services	1,539,368
Supplies and Materials	116,351
Other	2,813
	<u>2,025,432</u>
<i>Total Operating Cash Disbursements</i>	<i>2,025,432</i>
<i>Operating Income</i>	<i>479,112</i>
Non-Operating Receipts (Disbursements)	
Sale of Fixed Assets	23,750
Miscellaneous Receipts	10,919
Capital Outlay	(373,926)
Principal Retirement	(312,871)
Interest and Other Fiscal Charges	(12,526)
	<u>(664,654)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(664,654)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(185,542)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,405,112</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,219,570</i>

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Elmore (the Village), Ottawa County, Ohio 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. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and electric utilities, park operations (leisure time activities), police services, general government services, zoning operations (community environment), street and highway maintenance (transportation), and refuse collection (basic utility services). The Village contracts with Harris Township to receive fire protection and emergency medical services.

Public Entity Risk Pool and Joint Ventures

The Village participates in a public entity risk pool and six joint ventures. Notes 6 and 11 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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

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

Street Construction, Maintenance, and Repair Fund The Street Construction, Maintenance, and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Solid Waste Fund The Solid Waste Fund receives money from property taxes to dispose of solid waste from Village residents.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Other Capital Projects Fund The Other Capital Projects Fund receives a portion of the Village income tax as well as proceeds from the sale of capital assets and is used to account for expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Sewer Treatment Plant Fund The Sewer Treatment Plant Fund receives a portion of the Village income tax and is used to pay for costs associated with upgrading the current Wastewater Treatment Plant, including debt service payments.

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

Electric Operating Fund The Electric Operating Fund accounts for the provision of electric services to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

The Village's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$571,560	\$776,110	\$204,550
Special Revenue	248,810	272,258	23,448
Capital Projects	252,800	352,829	100,029
Enterprise	2,167,120	2,539,213	372,093
Total	\$3,240,290	\$3,940,410	\$700,120

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,385	\$573,773	\$64,612
Special Revenue	436,401	353,486	82,915
Capital Projects	821,784	357,892	463,892
Enterprise	3,216,212	2,724,755	491,457
Total	\$5,112,782	\$4,009,906	\$1,102,876

Note 4 - Deposits and Investments

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

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

	2018
Demand deposits	\$2,997,884
STAR Plus	1,033,239
Cash on Hand	660
Total deposits	4,031,783
STAR Ohio	565,755
Total deposits and investments	\$4,597,538

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 - Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village contracts with Regional Income Tax Authority (RITA) to administer the Village Municipal Income Taxes.

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 - Risk Management

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2018.

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of his gross salary. The Village contributed an amount equal to 6.2 percent of the participant’s gross salary. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 - Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan - 2999	\$55,255	6%
Ohio Water Development Authority Loan - 6225	2,982,717	0%
Ohio Public Works Commission Loan - CT22M	76,177	0%
Ohio Public Works Commission Loan - CE27L	202,805	0%
AMP Ohio Loan	265,730	1%
Omega JV5	373,444	2-5%
Total	<u>\$3,956,128</u>	

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Ohio Water Development Authority (OWDA) loan - 2999 relates to storm sewer separation project which was mandated by the Ohio Environmental Protection Agency (EPA). The OWDA approved \$305,094 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$12,333 including interest over 25 years. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirement.

OWDA Loan - 6225 relates to wastewater treatment plant upgrade project which was mandated by the National Pollutant Discharge Elimination System (NPDES) Permit No. 2PB00051 after a required study found the need to eliminate an existing plant overflow and at the same time meeting both current and proposed effluent requirements. The OWDA approved \$4,114,093 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$102,852, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirement.

Ohio Public Works (OPWC) Loan - CE27L relates to the replacement of the River Sanitary Sewer Interceptor and was approved in the amount of \$270,407. The loan will be repaid in semiannual installments of \$4,507 over 30 years, at a 0% interest rate.

OPWC Loan - CT22M relates to Rice Street sanitary sewer project and was approved in the amount of \$103,878. The loan will be repaid in semiannual installments of \$1,731 over 30 years, at a 0% interest rate.

OMEGA JV5 loan relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA-JV5). OMEGA-JV5 is a distributive generation project. An amortization schedule for the repayment of the loan is currently not available and, therefore, is not included in the schedule below.

The AMP Ohio loan relates to the annual refinancing of the AMP Electric System Improvement Bond Anticipation Notes to improve the Village's Electric System. AMP Ohio approved up to \$1,000,000 in a loan to the Village for this project. The project was completed in 2016.

THIS SPACE INTENTIONALLY LEFT BLANK

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Amortization

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

Year Ending December 31:	OWDA Loan - 2999	OWDA Loan - 6225	OPWC Loan - CT22M	OPWC Loan - CE27L	AMP Ohio Loan
2019	\$23,367	\$205,705	\$3,463	\$9,014	\$269,279
2020	23,865	205,705	3,463	9,014	
2021	12,060	205,705	3,463	9,014	
2022		205,705	3,463	9,014	
2023		205,705	3,463	9,014	
2024-2028		1,028,523	17,313	45,068	
2029-2033		925,669	17,313	45,068	
2034-2038			17,313	45,068	
2039-2041			6,923	22,531	
Total	<u>\$59,292</u>	<u>\$2,982,717</u>	<u>\$76,177</u>	<u>\$202,805</u>	<u>\$269,279</u>

AMP Generating Station (AMPGS) Project

The Village 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 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 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 \$173,962. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,255 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$100,260. 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. These amounts will be recorded as they become estimable.

Since March 31, 2014 the Village has made payments of \$103,424 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,078 and interest expense incurred on AMP's line-of-credit of \$757, resulting in a net credit balance for impaired cost estimate at December 31, 2018 of \$1,033. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU Liability of \$48,751 resulting in a net total potential liability of \$47,718, assuming the assets making up the PHFU (principally the land comprising the Meigs County Site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

Note 10 - Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 11 - Joint Ventures

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .27% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent.

During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility.

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV2, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2018, Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV2 participant to makes any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV2 may take certain actions including the termination of a defaulting JV2 Participant’s entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV2 Participant’s entitlement of Project Power, which together with the share of the other non-defaulting JV2 Participants, is equal to the defaulting JV2 Participant’s ownership share of the project, in kilowatts (“Step Up Power”) provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV2 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV2 Participant’s ownership share of the project prior to any such increases.

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was \$17,915 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>	<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>
Hamilton	32,000	23.87%	Grafton	1,056	0.79%
Bowling Green	19,198	14.32%	Brewster	1,000	0.75%
Niles	15,400	11.48%	Monroeville	764	0.57%
Cuyahoga Falls	10,000	7.46%	Milan	737	0.55%
Wadsworth	7,784	5.81%	Oak Harbor	737	0.55%
Painesville	7,000	5.22%	Elmore	364	0.27%
Dover	7,000	5.22%	Jackson Center	300	0.22%
Galion	5,753	4.29%	Napoleon	264	0.20%
Amherst	5,000	3.73%	Lodi	218	0.16%
St. Mary's	4,000	2.98%	Genoa	199	0.15%
Montpelier	4,000	2.98%	Pemberville	197	0.15%
Shelby	2,536	1.89%	Lucas	161	0.12%
Versailles	1,660	1.24%	South Vienna	123	0.09%
Edgerton	1,460	1.09%	Bradner	119	0.09%
Yellow Springs	1,408	1.05%	Woodville	81	0.06%
Oberlin	1,217	0.91%	Haskins	73	0.05%
Pioneer	1,158	0.86%	Arcanum	44	0.03%
Seville	1,066	0.80%	Custar	4	0.00%
Subtotal	127,640	95.20%		6,441	4.80%
			Grand Total	134,081	100.00%

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village is a Financing Participant with an ownership percentage of 0.58%, and shares participation with forty-one other subdivisions within the State of Ohio in the OMEGA JV5. Financing Participants own undivided interests, as tenants in common, without right of participation in the OMEGA JV5 Project.

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

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

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2018, Village has met its debt coverage obligation.

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

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2018, \$34,840,755 of the 2001 Belleville Beneficial Interest Certificates ("2001 BICs") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the “JV5 Note”). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the “2016 BICs”) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance.

The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The 2001 BICs and 2016 BICs are non-recourse to AMP. AS of December 31, 2018, the outstanding debt was \$64,281,390.

The Village’s net investment and its share of the operating results of OMEGA JV5 are reported in the Village’s electric fund (an enterprise fund). The Village’s net investment in OMEGA JV5 was \$17,358 at December 31, 2018. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor’s website at www.ohioauditor.gov.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The Village is a Financing Participant with an ownership percentage of 1.39% and shares participation with nine other subdivisions within the State of Ohio in the OMEGA JV6. Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA JV6 Agreement (Agreement), the participants agree to jointly plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green, Ohio. Each turbine has nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant’s System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant’s Project Share and to Financing Participant’s respective obligations first by credit against the Financing Participant’s respective obligations. Any other excess fund shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2018, the Village has met its debt coverage obligation.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

The Agreement provides that the failure of any JV6 participant to makes any payment due by the due date thereof constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant’s interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant’s Project share (“Step Up Power”).

OMEGA JV6 is managed by AMP, which acts as the joint venture’s agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The Village’s net investment in OMEGA JV6 was \$67,535 at December 31, 2018. Complete financial statements for OMEGA JV6 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor’s website at www.ohioauditor.gov.

The ten participating subdivisions and their respective ownership shares at December 31, 2018 are:

<u>Municipality</u>	<u>kW Entitlement</u>	<u>Percent Project Ownership and Entitlement</u>
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgerton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

D. Combined Hydroelectric Projects

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the “Combined Hydroelectric Projects”), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “Combined Hydroelectric Bonds”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2018, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 300 kW or 0.14% of capacity and associated energy from the Combined Hydroelectric Projects.

E. AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (“FirstEnergy”) the Fremont Energy Center (“AFEC”), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser. AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2018, \$499,105,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 265 kW or 0.06% of capacity and associated energy from the AFEC.

F. Prairie State Energy Campus

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the “PSEC Ownership Interest”) in the Prairie State Energy Campus (“PSEC”), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“AMP 368 LLC”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2018, AMP had \$1,537,430,000 aggregate principal amount of Prairie State Bonds.

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 498 kW or 0.14% of capacity and associated energy from the PSEC.

Note 12 - Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The investments of the pension and other employee benefit plan in which the Village participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 - Miscellaneous Receipts

General Fund miscellaneous receipts consisted largely of reimbursements for a school resource officer.

Note 14 - AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Operating Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Operating Fund is presented below:

THIS SPACE INTENTIONALLY LEFT BLANK

Village of Elmore
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

	2018
Total Fund Cash Balance	\$1,253,978
Total Long-Term Debt	639,174
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,926,605
Other Operating Receipts	13,275
Total Operating Receipts	1,939,880
Operating Expenses	
Personal Services	133,295
Fringe Benefits	50,647
Contractual Services	1,397,877
Supplies and Material	29,370
Other	897
Total Operating Expenses	1,612,086
Operating Income	327,794
Nonoperating Receipts (Disbursements)	
Principal Payments	(292,977)
Interest Payments	(9,520)
Other Nonoperating Receipts (Disbursements)	(214,857)
Change in Fund Cash Balance	(189,560)
Beginning Fund Cash Balance	1,443,538
Ending Fund Cash Balance	\$1,253,978
 Condensed Cash Flows Information:	
Net Cash Provided by:	2018
Operating Activities	\$327,794
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(292,977)
Interest Payments on Capital and Related Debt	(9,520)
Other Capital and Related Financing Activities	(214,857)
Net Cash (Used) by Capital and Related Financing Activities	(517,354)
Net (Decrease)	(189,560)
Beginning Fund Cash Balance	1,443,538
Ending Fund Cash Balance	\$1,253,978

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Village of Elmore
Ottawa County
344 Rice Street
P.O. Box 3
Elmore, Ohio 43416-0003

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Elmore, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 7, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2019-001 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*.

Village'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 subject the Village's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 7, 2020

VILLAGE OF ELMORE
OTTAWA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2019 were identified:

- General Fund committed fund balance in the amount of \$377,515 was reclassified to unassigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- Special Revenue Fund Type intergovernmental receipts and Capital Projects Fund Type property and other local taxes receipts were understated and overstated, respectively, in the amount of \$46,809 due to the improper recording of a street project reimbursement from Ottawa County;
- Capital Projects Fund Type principal retirement disbursements in the amount of \$205,705 were incorrectly classified as capital outlay; and
- Enterprise Fund Type principal retirement disbursements in the amount of \$314,952 were incorrectly classified as interest and other fiscal charges disbursements.

Also identified were the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2018:

- General Fund committed fund balance in the amount of \$240,234 was reclassified to unassigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179);
- Capital Projects Fund Type principal retirement disbursements in the amount of \$205,704 were incorrectly classified as capital outlay; and
- Enterprise Fund Type principal retirement disbursements in the amount of \$292,977 were incorrectly classified as interest and other fiscal charges disbursements.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional errors in smaller relative amounts were also noted for the years ended December 31, 2019 and 2018.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council to help identify and correct errors and omissions. The Fiscal Officer can also refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:

<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

Officials' Response:

The Village of Elmore Fiscal Officer will perform a final review of the financial statements and notes to the financial statements to help identify and correct errors and omissions accordingly. The Auditor of State Bulletin 2011-004 will be referenced for information on the Governmental Accounting Standards Board Statement No. 54.

THE VILLAGE OF ELMORE

344 Rice Street
P.O. Box 3
Elmore, Ohio 43416

Website: villageofelmore.com
Fax (419) 862-2789
Phone (419) 862-3362

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	This finding was first reported in during the audit of 2012-2013. Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2019-001 in this report.	This matter was not corrected due to deficiencies in the Village's internal controls over financial reporting. The Fiscal Officer will perform a final review of the financial statements and notes to the financial statements to help identify and correct errors and omissions accordingly. The Auditor of State Bulletin 2011-004 will be referenced for information on the Governmental Accounting Standards Board Statement No. 54.
2017-002	Material weakness and noncompliance with Ohio Admin. Code 117-2-01(D) for deficient accounting records.	Fully corrected.	

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ELMORE

OTTAWA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/20/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov