



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Holiday City, Williams County, Ohio (the Village).

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.

Efficient • Effective • Transparent

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, 2020 and 2019, 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 for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, 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 Matters

As discussed in Note 14 to the financial statements, during 2019, the Village has elected to change its financial presentation to an 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). We did not modify our opinions on the regulatory basis presented.

As discussed in Note 15 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 opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2021, 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

July 1, 2021

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**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Taxes	\$446,521				\$446,521
Intergovernmental	19,226	\$7,894			27,120
Charges for Services	900				900
Fines, Licenses and Permits	348				348
Earnings on Investments	35,471	261		\$18	35,750
Miscellaneous	8,548		\$18,887		27,435
<i>Total Cash Receipts</i>	<u>511,014</u>	<u>8,155</u>	<u>18,887</u>	<u>18</u>	<u>538,074</u>
Cash Disbursements					
Current:					
Security of Persons & Property	29,788				29,788
Transportation		255			255
General Government	184,841				184,841
Capital Outlay	21,470	229		573,300	594,999
Debt Service:					
Principal Retirement			122,751		122,751
Interest and Fiscal Charges			7,585		7,585
<i>Total Cash Disbursements</i>	<u>236,099</u>	<u>484</u>	<u>130,336</u>	<u>573,300</u>	<u>940,219</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>274,915</u>	<u>7,671</u>	<u>(111,449)</u>	<u>(573,282)</u>	<u>(402,145)</u>
Other Financing Receipts (Disbursements)					
Transfers In			111,449	574,511	685,960
Transfers Out	(685,960)				(685,960)
Advances In	44,429		44,429		88,858
Advances Out	(44,429)		(44,429)		(88,858)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(685,960)</u>		<u>\$111,449</u>	<u>574,511</u>	
<i>Net Change in Fund Cash Balances</i>	<u>(411,045)</u>	<u>7,671</u>		<u>1,229</u>	<u>(402,145)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,325,396</u>	<u>27,291</u>		<u>193,416</u>	<u>2,546,103</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,914,351</u>	<u>\$34,962</u>		<u>\$194,645</u>	<u>\$2,143,958</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$7,481,007
Operating Cash Disbursements	
Fringe Benefits	66
Contractual Services	7,073,617
Supplies and Materials	2,435
Other	3,345
<i>Total Operating Cash Disbursements</i>	<i>7,079,463</i>
<i>Operating Income</i>	<i>401,544</i>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	828
Sale of Notes	1,680,000
Premium and Accrued Interest on Debt	17,489
Capital Outlay	(6,247)
Principal Retirement	(1,798,000)
Interest and Other Fiscal Charges	(36,459)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(142,389)</i>
<i>Net Change in Fund Cash Balance</i>	<i>259,155</i>
<i>Fund Cash Balance, January 1</i>	<i>1,796,056</i>
<i>Fund Cash Balance, December 31</i>	<i>\$2,055,211</i>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 – Reporting Entity

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

A. Primary Government

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

B. Public Entity Risk Pools and Joint Venture

The Village participates in the Ohio Plan Risk Management Inc., a public entity risk pool, and Ohio Municipal Electric Generation Agency (OMEGA) JV-4, a Joint Venture. Notes 6 and 11 to the financial statements provide 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

A. Basis of Presentation

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund is used to account for all financial resources, except those required to be 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 debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair 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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

OWDA Loan-Menard Project 2005 The OWDA Loan-Menard Project 2005 fund receives monies collected from Menards, Inc. under an infrastructure agreement and is used for loan repayments.

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

Village Hall Building Addition Project 2020 Fund The Village Hall Building Addition Project 2020 fund accounts for monies used during the construction of the Village Hall renovation and addition.

Enterprise Funds Enterprise 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 service to the residents and commercial users located within the Village.

C. Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

D. Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

Appropriations The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations, 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. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

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

A summary of 2020 budgetary activity appears in Note 3.

E. Deposits and Investments

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

During 2020, the Village invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio 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.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$35,471 which includes \$19,030 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

J. Long-Term Obligations

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

K. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Village of specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

L. Interfund Transactions

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$611,152	\$511,014	(\$100,138)
Special Revenue	7,035	8,155	1,120
Debt Service	130,336	130,336	
Capital Projects	574,511	574,529	18
Enterprise	9,592,700	9,179,324	(413,376)
Total	\$10,915,734	\$10,403,358	(\$512,376)

2020 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$980,000	\$930,310	\$49,690
Special Revenue	10,000	484	9,516
Debt Service	130,336	130,336	
Capital Projects	674,511	573,300	101,211
Enterprise	9,500,450	8,924,669	575,781
Total	\$11,295,297	\$10,559,099	\$736,198

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

		2020
<i>Cash Management Pool:</i>		
Demand Deposits		\$4,014,341
Star Ohio		184,828
Total carrying amount of deposits and investments held in the Pool		\$4,199,169

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is not holding any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 6 – Risk Management

A. 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, 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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

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 Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (the latest information available).

	<u>2019</u>
Assets	\$15,920,504
Liabilities	(11,329,011)
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.

B. Workers' Compensation

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

OPERS offers 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

Note 9 – Debt

The Village's long-term debt activity for the year ended December 31, 2020, was as follows:

	Interest Rate	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$125,000		\$30,000	\$95,000	\$30,000
2002 Ohio Public Works						
Commission Loan	0%	14,632		5,853	8,779	5,853
2005 Ohio Water						
Development Authority Loan	3%	86,898		86,898		
AMP Bond Anticipation Note '19	2%	1,798,000		1,798,000		
AMP Bond Anticipation Note '20	3%		\$1,680,000		1,680,000	1,680,000
Total Governmental Activities		<u>\$2,024,530</u>	<u>\$1,680,000</u>	<u>\$1,920,751</u>	<u>\$1,783,779</u>	<u>\$1,715,853</u>

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

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

The purpose of the OWDA loan was for the water and sewer line extension to service a business development. The Village had been approved for a loan amount of \$762,783. The loan was repaid in semiannual installments of interest only for the first five years, beginning July 1, 2006, and payments of \$88,858 including interest over the remaining 10 years beginning July 1, 2011. Monies collected under an infrastructure agreement between the Village and Menards, Inc. were used to finance these payments. The final loan payment due 1/1/21 was made in December.

The Village's short-term debt activity involved the repayment of 2019's \$1,798,000 BAN and the issuance of a \$1,680,000 Electric System Improvement Bond Anticipation Note for interim financing of the Selwyn Dr. Substation Project. The Village participated in the American Municipal Power, Inc. "On behalf of" Financing Program and the Ohio Treasurer of State's Ohio Market Access Program (OMAP) to obtain financing at an interest rate of 3 percent. The Note has a maturity date of April 28, 2021. The note can be rolled over annually for 20 years. Monies collected as revenues of the electric system will be used to finance these payments.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

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

Year	G.O. Bonds		OPWC Loan	Substation BAN	Interest
	Principal	Interest	Principal	Principal	
2021	\$30,000	\$4,275	\$5,853	\$1,680,000	\$50,960
2022	30,000	2,925	2,926		
2023	35,000	1,575			
Totals	<u>\$95,000</u>	<u>\$8,775</u>	<u>\$8,779</u>	<u>\$1,680,000</u>	<u>\$50,960</u>

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

Note 10 – Interfund Transactions

During 2020 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$35,625
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	69,971
Village Hall Bldg. Addition Project 2020	574,511
Total Transfers from the General Fund	<u>\$685,960</u>

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

During 2020 the following advances were made:

Advance from General Fund to:	
OWDA Loan-Menard Project 2005/6 Fund	\$44,429
Advance from OWDA Loan-Menard Project 2005/6 Fund to:	
General Fund	\$44,429

The primary purpose of the interfund advance was to cover costs where revenues were not received by the loan payment due date. The advance to the General Fund was to repay the advance and convert it to a transfer.

Note 11 – Joint Venture

The Village has a contract with American Municipal Power, Inc. (AMP) to provide electric power and energy for its municipal electric system. This service is transmitted to the Village through a joint venture of four subdivisions located within Williams County. This joint venture is known as Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV4).

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

OMEGA JV4 owns a 69 kV sub-transmission line located in Williams County, Ohio that electrically connects Members Bryan, Montpelier, and Pioneer, providing additional reliability to their Electric Systems and the ability to make power sales to one industrial customer. AMP constructed the initial phase of the line in 1995 and then transferred title to the participants in December 1995 at no markup of its cost. OMEGA JV4 has no debt. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor’s website at www.ohioauditor.gov.

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2020, as a result of this contract, the Village paid \$6,705,786 to AMP.

Note 12 – Purchased Power

The Village’s electric distribution system during 2020 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the Village. Included in these contracts with AMP are; the Prairie State Energy Campus Project (995 kilowatts), generation started during 2012, and Fremont Natural Gas Energy Center (1,530 kilowatts), generation started in 2012. AMP provides the remaining power requirements with market based purchases from various sources including DG AMP Solar, Blue Creek Wind Farm, and other pooled market sources.

Note 13 – Tax Abatements

As of December 31, 2020, the Village provides tax incentives under one program, the Enterprise Zone Program.

Enterprise Zone Program

The Village was part of multiple Enterprise Zone (EZ) tax abatement agreements with two local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 15 years. The Village’s abatements are for 15 years or less and are 100% abated. The total value of real property subject to exemption for 2020 was \$66,173,400. The total value of taxes abated for 2020 was \$37,057.

Note 14 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$8,251				\$8,251

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 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. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 16 – Miscellaneous Receipts

Debt Service fund miscellaneous receipts primarily consisted of reimbursements collected from Menards, Inc. under an infrastructure agreement.

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Taxes	\$509,298				\$509,298
Intergovernmental	21,341	\$6,328			27,669
Charges for Services	600				600
Fines, Licenses and Permits	42				42
Earnings on Investments	86,517	682			87,199
Miscellaneous	1,169		\$64,335		65,504
<i>Total Cash Receipts</i>	<u>618,967</u>	<u>7,010</u>	<u>64,335</u>		<u>690,312</u>
Cash Disbursements					
Current:					
Security of Persons & Property	28,625				28,625
Transportation		6,926			6,926
General Government	174,136				174,136
Capital Outlay	32,200				32,200
Debt Service:					
Principal Retirement			115,202		115,202
Interest and Fiscal Charges			11,259		11,259
<i>Total Cash Disbursements</i>	<u>234,961</u>	<u>6,926</u>	<u>126,461</u>		<u>368,348</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>384,006</u>	<u>84</u>	<u>(62,126)</u>		<u>321,964</u>
Other Financing Receipts (Disbursements)					
Transfers In			62,126		62,126
Transfers Out	(62,126)				(62,126)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(62,126)</u>		<u>\$62,126</u>		
<i>Net Change in Fund Cash Balances</i>	321,880	84			321,964
<i>Fund Cash Balances, January 1</i>	<u>2,003,516</u>	<u>27,207</u>		<u>\$193,416</u>	<u>2,224,139</u>
Fund Cash Balances, December 31					
Restricted		27,291		58,826	86,117
Committed				134,590	134,590
Assigned	368,848				368,848
Unassigned	1,956,548				1,956,548
<i>Fund Cash Balances, December 31</i>	<u>\$2,325,396</u>	<u>\$27,291</u>		<u>\$193,416</u>	<u>\$2,546,103</u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$7,916,410
Operating Cash Disbursements	
Fringe Benefits	67
Contractual Services	7,358,329
Supplies and Materials	2,316
Other	3,279
<i>Total Operating Cash Disbursements</i>	<i>7,363,991</i>
<i>Operating Income</i>	<i>552,419</i>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	602
Sale of Notes	1,798,000
Premium and Accrued Interest on Debt	881
Capital Outlay	(8,771)
Principal Retirement	(1,904,000)
Interest and Other Fiscal Charges	(57,755)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(171,043)</i>
<i>Net Change in Fund Cash Balance</i>	<i>381,376</i>
<i>Fund Cash Balance, January 1</i>	<i>1,414,680</i>
<i>Fund Cash Balance, December 31</i>	<i>\$1,796,056</i>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

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

A. Primary Government

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

B. Public Entity Risk Pools and Joint Venture

The Village participates in the Ohio Plan Risk Management Inc., a public entity risk pool, and Ohio Municipal Electric Generation Agency (OMEGA) JV-4, a Joint Venture. Notes 6 and 11 to the financial statements provide 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

A. Basis of Presentation

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

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund is used to account for all financial resources, except those required to be 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 debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair 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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

OWDA Loan-Menard Project 2005 The OWDA Loan-Menard Project 2005 Fund receives monies collected from Menards, Inc. under an infrastructure agreement and is used for loan repayments.

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

Water Tower Major Repair Fund The Water Tower Major Repair Fund accounts for monies accumulated for possible future repairs, maintenance, or replacement of the water tower.

Electric Substation–Selwyn Dr./M-50 Fund The Electric Substation-Selwyn Dr./M-50 Fund accounts for monies used during the construction of the project.

Enterprise Funds Enterprise 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 service to the residents and commercial users located within the Village.

C. Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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.

D. Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

Appropriations The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer.

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

A summary of 2019 budgetary activity appears in Note 3.

E. Deposits and Investments

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

During 2019, the Village invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio 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.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$86,517 which includes \$38,150 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

H. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

I. Long-Term Obligations

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

J. Fund Balance

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

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

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

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

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

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

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

K. Interfund Transactions

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$581,478	\$618,967	\$37,489
Special Revenue	5,650	7,010	1,360
Debt Service	126,461	126,461	
Enterprise	9,898,700	9,715,893	(182,807)
Total	<u>\$10,612,289</u>	<u>\$10,468,331</u>	<u>(\$143,958)</u>

2019 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$870,111	\$297,087	\$573,024
Special Revenue	10,250	6,926	3,324
Debt Service	126,461	126,461	
Capital Projects	100,000		100,000
Enterprise	10,000,450	9,334,517	665,933
Total	<u>\$11,107,272</u>	<u>\$9,764,991</u>	<u>\$1,342,281</u>

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2019
Demand Deposits	\$4,158,636
Star Ohio	183,523
Total	<u>\$4,342,159</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 6 – Risk Management

A. 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.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

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

	2019
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u><u>\$4,591,493</u></u>

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

B. Workers' Compensation

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 8 - Postemployment Benefits

OPERS offers 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 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.

Note 9 – Debt

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

	Interest Rate	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$150,000		\$25,000	\$125,000	\$30,000
2002 Ohio Public Works						
Commission Loan	0%	20,486		5,854	14,632	5,853
2005 Ohio Water						
Development Authority Loan	3%	171,246		84,348	86,898	86,898
AMP Bond Anticipation Note '18	3%	1,904,000		1,904,000		
AMP Bond Anticipation Note '19	2%		\$1,798,000		1,798,000	1,798,000
Total Governmental Activities		\$2,245,732	\$1,798,000	\$2,019,202	\$2,024,530	\$1,920,750

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

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

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The Village's short-term debt activity involved the repayment of 2018's \$1,904,000 BAN and the issuance of a \$1,798,000 Electric System Improvement Bond Anticipation Note for interim financing of the Selwyn Dr. Substation Project. The Village participated in the American Municipal Power, Inc. "On behalf of Financing Program and the Ohio Treasurer of State's Ohio Market Access Program (OMAP) to obtain financing at an interest rate of 2 percent. The Note has a maturity date of April 29, 2020. The note can be rolled over annually for 20 years. Monies collected as revenues of the electric system will be used to finance these payments.

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

Year	G.O. Bonds		OPWC	OWDA	Substation		
	Principal	Interest	Loan	Loan	Interest	Principal	Interest
2020	\$30,000	\$5,625	\$5,853	\$86,898	\$1,960	\$1,798,000	\$36,459
2021	30,000	4,275	5,853				
2022	30,000	2,925	2,926				
2023	35,000	1,575					
Totals	\$125,000	\$14,400	\$14,632	\$86,898	\$1,960	\$1,798,000	\$36,459

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

Note 10 – Interfund Transfers

During 2019 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$31,750
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	24,523
Total Transfers from the General Fund	<u>\$62,126</u>

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

Note 11 – Joint Venture

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

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

OMEGA JV4 owns a 69 kV sub-transmission line located in Williams County, Ohio that electrically connects Members Bryan, Montpelier, and Pioneer, providing additional reliability to their Electric Systems and the ability to make power sales to one industrial customer. AMP constructed the initial phase of the line in 1995 and then transferred title to the participants in December 1995 at no markup of its cost. OMEGA JV4 has no debt. Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2019, as a result of this contract, the Village paid \$6,934,007 to AMP.

Note 12 – Purchased Power

The Village's electric distribution system during 2019 purchased wholesale electric power from American Municipal Power (AMP). AMP provides this power through a mixture of long term take or pay purchase contracts with the Village. Included in these contracts with AMP are; the Prairie State Energy Campus Project (995 kilowatts), generation started during 2012, and Fremont Natural Gas Energy Center (1,530 kilowatts), generation started in 2012. AMP provides the remaining power requirements with market based purchases from various sources including DG AMP Solar, Blue Creek Wind Farm, and other pooled market sources.

Note 13 – Tax Abatements

As of December 31, 2019, the Village provides tax incentives under one program, the Enterprise Zone Program.

Enterprise Zone Program

The Village was part of multiple Enterprise Zone (EZ) tax abatement agreements with two local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 15 years. The Village's abatements are for 15 years or less and are 100% abated. The total value of real property subject to exemption for 2019 was \$53,174,360. The total value of taxes abated for 2019 was \$29,464.

Note 14 – Change in Basis of Accounting

In 2018, the Village reported their financial statements on the cash basis comparable to the requirements of Governmental Accounting Standards. For 2019, the Village has elected to follow the financial statement presentation following the regulatory basis of accounting described in Note 2. The fund financial statements now present a column for each fund type, rather than each major fund in a separate column with nonmajor funds aggregated and presented in a single column. The Village also no longer presents entity wide financial statements.

VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Note 15 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March of 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. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 16 – Miscellaneous Receipts

Debt Service fund miscellaneous receipts primarily consisted of reimbursements collected from Menards, Inc. under an infrastructure agreement.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Holiday City, Williams County, Ohio (the Village) and have issued our report thereon dated July 1, 2021, 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 Village elected to change its financial presentation to an accounting basis permitted by Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) for 2019. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

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

The Village's responses to the findings identified in our audit are 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

July 1, 2021

**VILLAGE OF HOLIDAY CITY
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Monitoring of Utility Bills

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

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

The Village does not have procedures to monitor the billing process handled by AMP-Ohio. These billings account for 63 percent of the total revenues recorded in the Electric Operating Fund during the audit period.

Failure to monitor these billings could result in errors which might go undetected.

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

Officials’ Response:

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

FINDING NUMBER 2020-002

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.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires, in part and codified as GASB Code 1800.165 - .179, fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

In 2019, a portion of General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned fund balance instead of assigned fund balance in the amount of \$100,000.

This error was not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village’s internal controls over financial statement monitoring. The accompanying financial statements have been adjusted to correct this error. Failure to complete accurate financial statements could lead to the Council making misinformed decisions. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$162 to \$250 that we have brought to the Village’s attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk-Treasurer and members of the Village Council, to help identify and correct errors and omissions. In addition, the Clerk-Treasurer can refer to Auditor of State Bulletin 2011-004 for information on Governmental Accounting Standards Board Statement No. 54 to help ensure that all accounts are being properly posted to the financial statements.

Officials' Response:

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

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2020-003

Finding for Recovery Repaid Under Audit

Ohio Rev. Code § 731.13 states "the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office." The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed.

Ordinance 2016-6 set the salary for council members at \$3,000 and the Mayor at \$6,000. In 2019, Council member Pamela Clark was paid \$4,076. Mayor Robert Day was paid \$8,152. These amounts were based on Ordinance 2018-8 (adopted December 20, 2018) which set the salary of council members at \$4,076 and the Mayor at \$8,152. Pamela Clark was elected to a new term as Council Member and Robert Day was elected to a term as Mayor during the general election held on November 7, 2017. Therefore, Ms. Clark and Mr. Day were not entitled to salary amounts set in Ordinance 2018-8 which resulted in overpayments of \$1,076 by Pamela Clark and \$2,152 by Robert Day. Village officials were unaware of the requirements of Ohio Rev. Code § 731.13.

Under Ohio law, public officials, like the Clerk-Treasurer, are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Mayor Robert Day, against Council Member Pamela Clark, against Clerk-Treasurer Lauri TenEyck-Rupp, and against the Clerk-Treasurer's bonding company, Ohio Plan Risk Management, Inc., jointly and severally, in the amount of \$3,228, and in favor of Village of Holiday City General Fund.

On June 15, 2021, Pamela Clark issued a check in the amount of \$1,076 to the Village. On June 23, 2021, Robert Day issued a check in the amount of \$2,152 to the Village. This finding for recovery is considered repaid under audit and resolved.

Village officials should consider training available from the Ohio Ethics Commission which can accessed at the following website address <https://www.ethics.ohio.gov/index.html>. This matter will be referred to the Ohio Ethics Commission for any action they deem necessary.

Officials' Response

Finding 2020-003 relates to the validity of Ordinance 2017-6 and whether R.C. 731.13 can legitimately prohibit the Village of Holiday City from passing an ordinance regarding pre-term, post-election compensation changes for its elected officials. It is the Village's position that its constitutional home-rule powers are not limited by R.C. 731.13 and that the state of the law supports this position.

According to the Ohio Supreme Court case of *N. Ohio Patrolmen's Benevolent Assn. v. Parma*, 6 Ohio St.2d 375 (1980), non-charter municipalities, like the Village of Holiday City, can exercise home-rule powers for exercises of local self-government so long as state procedural requirements are followed. The Village agrees with the Auditor's Office that pay increases for local elected officials are exercises of local government.

The Ohio Fifth District Court of Appeals case of *Village of Bellville et al.*, 7-Ohio-App.3d 291 (5th Dist. 1982), found that non-charter villages were free to enact laws they desire, including in-term pay raises for elected officials, so long as the ordinances themselves are passed pursuant to statutory requirements. This decision explicitly found the in-term pay raise for elected officials permissible, despite R.C. 731.13's apparent prohibition. This was because the Constitutional home-rule powers of the village meant the General Assembly, through state statute, could control how a municipality enacts ordinances but could not substantively control a municipality's choice of rule of conduct.

As in the *Bellville* case, Ordinance 2017-6 was passed pursuant to procedural statutory requirements, including the three readings requirement. It was introduced at the October 2017 council meeting, read at the November 2017 council meeting, and adopted following its reading at the December 2017 council meeting. Likewise, its substantive exercise of local government in providing, prior to the beginning of the respective terms, changes to the compensation of elected officials is addressed by the language of R.C. 731.13. Therefore, it is the Village of Holiday City's position that, like the Village of Belleville, its constitutional home-rule powers prevent the General Assembly from substantively limiting the Village's exercises of local government contained in properly-passed legislation. As a result, 731.13 could not prohibit the pay increases that are the subject of Finding 2018-002.

Furthermore, it is the Village's position that any referrals to the Ohio Ethics Commission are wholly inappropriate. Not only was Ordinance 2017-6 enacted under the color of law, but post-election, pre-term pay raises for elected officials have been found to *not* violate the applicable ethics rules. The Auditor's Office had indicated that its basis for referral for the Ethics Commission was R.C. 103.03, which prohibits the acceptance by elected officials of something of value that will influence one's public actions.

In the case of *Coleman v. City of Canton*, 5th Dist. Stark No. 997CA00303, 1998 WL 401026 (May 4, 1998), the Fifth District Court of Appeals explicitly found that post-election, pre-term pay raises for city council members and certain city officials were not covered by R.C. 102.03. The court also found that "the act of voting a pay raise, even for the benefit of oneself, cannot be considered the acceptance of something of value that will influence one's public actions, substantially, improperly, or otherwise." *Coleman v. City of Canton* at *3. Therefore, the Village's passage of Ordinance 2017-6 does not implicate any ethical rules and the Village asserts that any referrals to the Ethics Commissions are baseless, unwarranted and unnecessary.

Lastly, the Ohio Supreme Court found in *Hubbard ex rel. Creed v. Sauline*, 74 Ohio St.3d 402, 405-406 (1996) that a public official has no duty to repay compensation, even when received contrary to statute, when that official received the compensation in good faith and under the color of law. As described above, the Village passed Ordinance 2017-6 under the color of law, and the officials received that compensation in good faith and under the color of law. Furthermore, the *Hubbard* case detailed that the compensation received there was accepted after receiving a letter from the State Auditor's office confirming that it "no longer sought to recover funds received by non-charter city mayors resulting from in-term salary increases." *Hubbard* at 407.

Because the Village passed Ordinance 2017-6 in accordance with its constitutional home-rule powers and because the officials identified in Finding 2018-002 received any compensation in good faith and under the color of law, the identified officials should not be required to pay the identified amounts.

However, because these officials have acted, and will continue to act, with the best interests of the Village of Holiday City in mind, the decision was made to pay the \$3,228 to the Village. This decision was made to avoid an unresolved Finding for Recovery and to spare the Village and its citizens the considerable expenditure of resources, including time, money and energy, that would be required to continue to contest Finding 2020-003, including potential costly litigation. The Village maintains that its actions were appropriate under both the Constitution and ethics rules, and the payment is in no way an admission by the Village or any of its officials of any wrong-doing, nor a concession of any of its constitutionally-provided home-rule powers.

AOS Conclusion:

R.C. 731.13 states, in part: "[t]he legislative authority [of a village] shall, in the case of elective officers, fix their compensation for the ensuing term of office *at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office.*" (Emphasis added). The last day to file as a candidate for the November 7, 2017 general election was August 9, 2017. Thus, in order to comply with the statute, the Village needed to enact the ordinance, which fixed the compensation of the Mayor and Council members whose terms were set to begin on January 1, 2018, no later than August 4, 2017. However, the ordinance was officially enacted on December 21, 2017, over four months past the procedural deadline established by R.C. 731.13. While it is true that a non-charter municipal corporation, like the Village, may exercise home-rule power, there are clear legal limitations to the exercise of this power. The Ohio Supreme Court in *N. Ohio Patrolmen's Benevolent Assn. v. Parma* held that while non-chartered municipal corporations could exercise home-rule powers ("the powers of local self-government") in the same manner as chartered municipal corporations, non-chartered municipalities must "adhere to the state statutes in *procedural matters of local self-government.*" *N. Ohio Patrolmen's Benevolent Assn. v. Parma*, 61 Ohio St.2d 375, 382, 15 O.O.3d 450, 402 N.E.2d 519 (1980) ("An Ohio municipality which has not adopted a charter for its government, as authorized by Section 7, Article XVIII of the Constitution of Ohio, must, in the passage of the legislation, follow the procedure prescribed by [state statutes] . . .") (Emphasis added). Since the timing of when a municipal elective officer's pay must be fixed is procedural matter of local self-government, the Village may only deviate from the procedural requirements imposed by law if it adopts a charter that either expressly alters the procedural requirements of R.C. 731.13 or provides the Village with the authority to adopt procedures that differ from the Revised Code. Instead, the Village in this matter merely enacted an ordinance which directly contradicted R.C. 731.13. Because the Village lacked authority to deviate from state law with respect to procedural matters of local self-government, R.C. 731.13 legally controlled when the Village's elective officers' compensation needed to be fixed by the Village Council.



VILLAGE OF HOLIDAY CITY

Incorporated 1997

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Finding first reported in 2007. Material weakness for monitoring of utility bills.	Not corrected and reissued as Finding 2020-001 in this report.	Additional errors occurred and were not detected by the Village. Management is aware and understands the importance of maintaining a strong control environment regarding the monitoring of the billing process and will ensure to put controls in place.
2018-002	Finding for recovery repaid under audit for overpayment of salaries.	Not corrected and reissued as Finding 2020-003 in this report.	Additional errors occurred and were not detected by the Village. Management is aware and understands the importance of maintaining a strong control environment in monitoring of Officials' compensation.

MAYOR:
Pamela Clark

COUNCIL:
Shawn Clark
Jodie Faunce
Chelsea Funk
Jarrett Funk
Sean Rupp
Tyler Rupp

**CLERK /
TREASURER:**
Lauri TenEyck-Rupp

ADMINISTRATOR:
Gary Baker

ASSISTANT ADMN:
Blair Campbell

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HOLIDAY CITY

WILLIAMS 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 7/27/2021

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Phone: 614-466-4514 or 800-282-0370

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