



Dave Yost • Auditor of State



VILLAGE OF MONROEVILLE  
HURON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Monroeville  
Huron County  
2 South Main Street, P.O. Box 156  
Monroeville, Ohio 44847-0156

To the Village Council:

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

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

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

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

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

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

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

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

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

As described in Note 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, 2015, or changes in financial position or cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Monroeville, Huron County, Ohio as of December 31, 2015, and its combined cash receipts and disbursements for the year 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 2, 2017

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$244,773	\$21,569		\$266,342
Municipal Income Tax	514,819			514,819
Intergovernmental	65,330	118,192		183,522
Special Assessments	1,014		\$713	1,727
Charges for Services	5,383			5,383
Fines, Licenses and Permits	35,262			35,262
Earnings on Investments	4,484	1,481	223	6,188
Miscellaneous	21,175			21,175
<i>Total Cash Receipts</i>	<u>892,240</u>	<u>141,242</u>	<u>936</u>	<u>1,034,418</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	379,103	7,710		386,813
Public Health Services	1,234			1,234
Leisure Time Activities	34,756			34,756
Community Environment	12,833			12,833
Transportation	77,875	167,440		245,315
General Government	145,851			145,851
Capital Outlay	28,196	41,114	68,064	137,374
Debt Service:				
Principal Retirement			8,447	8,447
<i>Total Cash Disbursements</i>	<u>679,848</u>	<u>216,264</u>	<u>76,511</u>	<u>972,623</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>212,392</u>	<u>(75,022)</u>	<u>(75,575)</u>	<u>61,795</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	16,187			16,187
Transfers In	163,932		320,117	484,049
Transfers Out	(510,136)	(9,450)	(163,932)	(683,518)
Advances In	155,690			155,690
Advances Out	(363,857)			(363,857)
Other Financing Sources	572			572
Other Financing Uses			(7)	(7)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(537,612)</u>	<u>(9,450)</u>	<u>156,178</u>	<u>(390,884)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(325,220)</u>	<u>(84,472)</u>	<u>80,603</u>	<u>(329,089)</u>
<i>Fund Cash Balances, January 1</i>	<u>869,601</u>	<u>386,317</u>	<u>461,293</u>	<u>1,717,211</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		301,845	155,241	457,086
Committed			386,655	386,655
Assigned	370,852			370,852
Unassigned	173,529			173,529
<i>Fund Cash Balances, December 31</i>	<u>\$544,381</u>	<u>\$301,845</u>	<u>\$541,896</u>	<u>\$1,388,122</u>

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

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

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$4,899,529
Miscellaneous	7,879
	<u>4,907,408</u>
<i>Total Operating Cash Receipts</i>	<u>4,907,408</u>
<b>Operating Cash Disbursements</b>	
Personal Services	364,352
Employee Fringe Benefits	198,928
Contractual Services	3,787,949
Supplies and Materials	135,442
Other	507
	<u>4,487,178</u>
<i>Total Operating Cash Disbursements</i>	<u>4,487,178</u>
<i>Operating Income</i>	<u>420,230</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	11,665
Other Debt Proceeds	1,896,836
Capital Outlay	(1,993,739)
Principal Retirement	(668,780)
Interest and Other Fiscal Charges	(108,974)
Other Financing Sources	12,894
Other Financing Uses	(26,000)
	<u>(876,098)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(876,098)</u>
<i>Loss before Transfers and Advances</i>	(455,868)
Transfers In	389,117
Transfers Out	(189,648)
Advances In	363,857
Advances Out	(155,690)
	<u>(15,584)</u>
<i>Net Change in Fund Cash Balances</i>	(48,232)
<i>Fund Cash Balances, January 1</i>	<u>3,084,944</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,036,712</u>

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



**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 - Reporting Entity**

The Village of Monroeville, Huron 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. A publicly-elected six-member Council directs the Village. The Village provides general government services, water, sewer, and electric utilities, park operations, road maintenance, and police services.

***Joint Ventures, Jointly Governed Organization, and Public Entity Risk Pool***

The Village participates in a jointly governed organization, joint ventures, and a public entity risk pool. Notes 17, 11, and 7 to the financial statements, respectively, 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**

***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.

***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 Fund:

***Street Construction Maintenance and Repair Fund*** – This 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.

***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:

***Street Capital Reserve Fund*** – This fund accounts for the accumulation of monies reserved for street maintenance and repair projects.

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**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** – This fund accounts for the provision of electric service to residential and commercial users.

***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 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 2015 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.

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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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***

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,246,316	\$1,228,621	(\$3,017,695)
Special Revenue	145,702	141,242	(4,460)
Capital Projects	321,461	321,053	(408)
Enterprise	12,064,063	7,581,777	(4,482,286)
Total	\$16,777,542	\$9,272,693	(\$7,504,849)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,294,984	\$1,553,841	\$2,741,143
Special Revenue	248,355	225,714	22,641
Capital Projects	257,512	247,950	9,562
Enterprise	12,168,654	7,927,246	4,241,408
Total	\$16,969,505	\$9,954,751	\$7,014,754

**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 Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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	2015
Demand deposits	<u>\$1,218,646</u>
Certificates of deposit	2,790,419
Cash on hand	<u>200</u>
Total deposits	4,009,265
STAR Ohio	<u>415,569</u>
Total deposits and investments	<u><u>\$4,424,834</u></u>

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

**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 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.

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

**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2015 consisted of the following:

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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Fund Type / Fund	Due To	Due From
General	\$ 363,857	
Enterprise:		
Waste Water Capital Project II		\$ 19,100
Electric Capital Project		344,757
	\$ 363,857	\$ 363,857

The advances were made to provide funding for work on the projects until receipt of debt proceeds occurs. Repayment will be made upon receipt of the anticipated debt proceeds and is expected to be repaid within one year.

**Note 7 - Risk Management**

***Risk Pool Membership***

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014:

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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	<b>2015</b>	<b>2014</b>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Village employees, other than full-time police officers, 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, 2015.

*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. For 2015, OP&F participants contributed 11.5% of their wages through June 30, 2015, and participants contributed 12.25% of their wages beginning July 1, 2015. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

**Note 9 - 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2015 was as follows:

**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

	<u>Principal</u>	<u>Interest Rate</u>
<b>Ohio Water Development Authority</b>		
Water Line Replacement Loan #2053	\$59,719	5.66%
Sewer Line Replacement Loan #2054	67,250	5.66%
Wastewater Treatment Plant Improvements Loan #2055	9,943	5.54%
Waste Water Treatment Plant Improvements Loan #2159	183,972	5.77%
Water Line Replacement Loan #3125	41,090	6.36%
Sandusky Street Sewer/CSO Regulator Removal Loan #4524	202,998	0.00%
Elevated Storage Tank Rehab Loan #5949	232,128	2.00%
WWTP Improvements Loan #6229	3,258,184	0.00%
Monroe Street Sanitary Sewer Loan #7117	1,160,333	3.19%
<b>Ohio Public Works Commission</b>		
WWTP Improvement Loan #CT23O	342,524	0.00%
North Street Embankment Repair Loan #CT23P	61,260	0.00%
North Street Reconstruction - Phase II Loan #CI48Q	93,982	0.00%
American Municipal Power - Electric System Improvement BAN	752,642	1.00%
Omega JV5 Loan	531,151	2-5%
Mortgage Revenue Bonds	1,614,000	4.75%
Total	<u><u>\$8,611,176</u></u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer line replacement, wastewater treatment plant improvements, regulator removal, and storage tank rehabilitation projects that were ordered by the Ohio Environmental Protection Agency. The eight loans outstanding are collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loans relate to waste water treatment plant improvements, a North Street embankment repair project, and a North Street reconstruction project. The loans are interest free. The Village will repay the loans through semiannual installments through the year 2043.

The American Municipal Power – Electric System Improvement BAN were issued to finance upgrades to the Village’s electric system. The Omega JV5 loan relates to the purchase of Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) distributive generation project.

The Mortgage Revenue Bonds relate to acquisition and construction improvements to the Village’s water treatment plant, water storage facilities, and water distribution and supply system. As required by the mortgage revenue bond covenant, the Village had established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2015 is \$118,111.



**Village of Monroeville**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

Year ending December 31:	OWDA Loans	Omega JV5 Loan	Mortgage Revenue Bonds	OPWC Loans
2016	\$188,025	\$92,973	\$109,875	\$10,451
2017	277,468	91,533	109,098	20,902
2018	278,530	91,397	109,483	20,902
2019	276,686	91,305	109,773	20,902
2020	274,842	91,245	109,159	20,902
2021-2025	1,276,689	364,137	546,320	104,512
2026-2030	1,009,508		548,061	104,512
2031-2035	659,073		547,074	95,037
2036-2040			547,774	62,277
2041-2043			108,940	37,369
Total	<u>\$4,240,821</u>	<u>\$822,590</u>	<u>\$2,845,557</u>	<u>\$497,766</u>

OWDA Loan #7117 for sanitary sewer improvements has not been completed and no amortization schedule is available at this time. Accordingly, the schedule above does not reflect future debt service payments for this loan. As of December 31, 2015 the Village has borrowed \$1,160,333 which represents the net outstanding balance at December 31, 2015.

The American Municipal Power – Electric System Improvement BAN mature in 2016 and were refinanced upon maturity in June, 2016.

**Note 11 – Joint Ventures**

**Ohio Municipal Electric Generation Agency Joint Venture 1 (OMEGA JV1)**

The Village is a participant with twenty-one subdivisions within the State of Ohio in a joint venture to provide a source of supplemental capacity to the participant. On dissolution of the joint venture, the net position of the JV1 will be shared by the participants on a percentage basis. The JV1 is managed by AMP who acts as the joint venture’s agent. The Village’s net investment and its share of the operating results of JV1 ownership share of the project is 1.85 percent. Complete financial statements for JV1 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor’s website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

**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 .57% 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.

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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. As of December 31, 2015, the outstanding debt was \$8,052,470. The Village's net investment in OMEGA JV2 was \$94,518 at December 31, 2015. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

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

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	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

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

The Village is a Financing Participant with an ownership percentage of 1.02 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant’s System, and shall be on a parity with any outstanding and future senior 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 31, 2015 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 to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant’s ownership share of the Project, in kilowatts (“Step Up Power”) provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant’s ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture’s agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on

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AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187.\* AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$30,476 at December 31, 2015. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

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

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

The Village is a Non-Financing Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (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 Joint Venture JV6 Agreement (Agreement), the participants agree jointly to 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 a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the 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 funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, 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.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date 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").

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OMEGA JV6 is managed by American Municipal Power, Inc., 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 to date in OMEGA JV6 was \$80,033 at December 31, 2015. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor’s website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The ten participating subdivisions and their respective ownership shares at December 31, 2015 are:

<b>Participant</b>	<b>KW Amount</b>	<b>% of Financing</b>
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

**Note 12 – Prairie State Energy Campus (68 Members)**

On December 20, 2007, AMP acquired 368,000 kW or an effective 23.26% undivided ownership interest (the “PSEC Ownership Interest”) in the Prairie State Energy Campus (“PSEC”), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (“AMP 368 LLC”). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

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

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 995 kW or 0.27% kW of capacity and associated energy from the Prairie State facility.

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AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1.697 billion of debt. These costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project. As of November 30, 2016 the outstanding obligation on Prairie State project is \$1,576,845,000.

**Note 13 – American Municipal Power Generating Station 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 1,500 kilowatts of a total 771,281 kilowatts, giving the Village a 0.19 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$258,333. The Village received a credit of \$94,567 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$67,837 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$165,551 leaving a net credit balance of impaired cost estimate of \$69,622. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable. Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,993, and interest credited to the Village has been \$1,003, resulting in a net credit balance at December 31, 2015 of \$68,632.

**Note 14 – Combined hydroelectric projects (79 members)**

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

The Cannelton Hydro Project (88MW), now in operation as of 2016, is located on the Kentucky shore of the Cannelton Locks and Dam on federal land. AMP has a FERC license for the project that expires May

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31, 2041. The hydro project diverts water from the locks and dam through bulb turbines, which have a horizontal shaft and Kaplan-type turbines. The site includes an intake channel, a reinforced concrete powerhouse (to house turbine and 3 generator units), and a tailrace or downstream channel.

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

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

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

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

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 1,399 kW, or 0.67% of capacity and associated energy from the hydro facilities.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). As of August 31, 2016 the total outstanding Hydro Project debt on AMP's books is approximately \$1,995,529,118. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

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

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**Note 15 – AMP Fremont Energy Center**

In February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center (“AFEC”). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center (“AFEC”) and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26,419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of the 87 members, pursuant to a take-or-pay power sales contract. As of August 31, 2016 the outstanding obligation on the Fremont Energy Center (“AFEC”) on AMP's books is \$520,620,000.

The Village has executed a take-or-pay power sales contract with AMP for a Project Share of 880 kW or 0.19% of capacity and associated energy from the AFEC facility. As of November 30, 2016, the Village's Project Share was associated with approximately \$989,178 of the outstanding Project debt.

**Note 16 – Combustion Turbine Project (33 Members)**

In August 2003, AMP financed, with a draw on its Line of Credit, the acquisition of three gas turbine installations, located in Bowling Green, Galion and Napoleon, Ohio (each of which is an AMP Member), plus an inventory of spare parts. Each installation consists of two gas-fired turbine generators, one 32 MW and one 16.5 MW, with an aggregate nameplate capacity for all three installations of 145.5 MW. On December 13, 2006, AMP refinanced its obligations on the Line of Credit attributable to the purchase with the issuance of its \$13,120,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006 (the “CT Bonds”). The CT Bonds are payable from amounts received by AMP from the participating Members under power schedules. The CT Bonds are secured by an irrevocable, direct-pay letter of credit (the “CT Letter of Credit”) issued by KeyBank. AMP is liable under a reimbursement agreement to pay all amounts drawn under the CT Letter of Credit to the extent not paid by the participating Members. As of November 30, 2016, \$887,050 aggregate principal amount of the CT Bonds was outstanding. The Village has subscribed for 2,500 kW.



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The Village purchases 2.5 MW of power from AMP under a power schedule for AMP's Combustion Turbine Project. Based on the 3.89% swapped, fixed interest rate payable by AMP and the existing amortization schedule agreed to with KeyBank as the issuer of the CT Letter of Credit, Monroeville's 1.76% responsibility for such debt service will be approximately \$19,566 annually through 2021. AMP terminated the swap and the letter of credit agreement with KeyBank, and optionally redeemed the outstanding \$9,205,000 Multi-Mode Variable Rate Combustion Turbine Project Revenue Bonds, Series 2006, on November 1, 2013, by utilizing unencumbered funds and a draw on AMP's Line of Credit, a lower cost of borrowing. As a result, the Village will continue to make the aforementioned payments of approximately \$19,566 per year, with a larger portion of said amount being credited to the retirement of principal.

**Note 17 – Jointly Governed Organization**

***Huron River Joint Fire District***

The Village is a member of Huron River Joint Fire District (the District). A four-member Board of Trustees governs the District, with each member of the District appointing one board member. The member subdivisions are the Village of Monroeville, Peru Township, Ridgefield Township, and Sherman Township, all of which are located in Huron County. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained by contacting the District Fiscal Office at 15 Monroe Street, Monroeville, Ohio, 44847.

**Note 18 – AMP Ohio Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 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 Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

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	2015
Total Fund Cash Balance	\$1,124,152
Total Long-Term Debt	\$1,283,793
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	3,885,326
Other Operating Receipts	3,765
Total Operating Receipts	3,889,091
Operating Expenses	3,794,941
Operating Income	94,150
Nonoperating Receipts (Disbursements)	
Property and Other Local Taxes	11,665
Capital Outlay	(38,290)
Principal Payments	(386,190)
Interest Payments	(3,033)
Other Nonoperating Receipts	625
Other Nonoperating (Disbursements)	(11,661)
Transfers	165,787
Change in Fund Cash Balance	(166,947)
Beginning Fund Cash Balance	1,291,099
Ending Fund Cash Balance	<u>\$1,124,152</u>

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<b>Condensed Cash Flows Information:</b>	2015
Net Cash Provided by:	
Operating Activities	\$94,150
Noncapital Financing Activities	
Other Noncapital Financing Activities	166,416
Net Cash Provided by Noncapital Financing Activities	166,416
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	0
Principal Payments on Capital and Related Debt	(386,190)
Interest Payments on Capital and Related Debt	(3,033)
Other Capital and Related Financing Activities	(38,290)
Net Cash Used by Capital and Related Financing Activities	(427,513)
Net Decrease	(166,947)
Beginning Fund Cash Balance	1,291,099
Ending Fund Cash Balance	<u>\$1,124,152</u>

**Note 19 – Subsequent event**

Water System Mortgage Revenue Bonds were refinanced in 2016.

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# Dave Yost • Auditor of State

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

Village of Monroeville  
Huron County  
2 South Main Street, P.O. Box 156  
Monroeville, Ohio 44847-0156

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Monroeville, Huron County, Ohio, (the Village) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated February 2, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 2, 2017



# Dave Yost • Auditor of State

VILLAGE OF MONROEVILLE

HURON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 16, 2017