



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF EDGERTON  
WILLIAMS COUNTY  
DECEMBER 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

Village of Edgerton  
Williams County  
324 North Michigan Street  
P.O. Box 609  
Edgerton, Ohio 43517-0609

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 Edgerton, Williams County, Ohio (the Village) as of and for the year ended December 31, 2019.

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

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Edgerton, Williams County, Ohio, as of December 31, 2019, 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.

***Emphasis of Matter***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

May 4, 2020

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VILLAGE OF EDGERTON  
WILLIAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENT FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund	Special Revenue Fund	Capital Projects Fund	TOTAL (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$165,508	\$44,081		\$209,589
Municipal Income Tax	961,152		\$240,288	1,201,440
Intergovernmental Revenue	58,566	170,203	33,370	262,139
Charges for Services	47	61,321		61,368
Fines, Licenses and Permits	24,200	156		24,356
Earnings on Investments	16,108	5,710		21,818
Miscellaneous	29,437	12,504	10,643	52,584
<i>Total Cash Receipts</i>	<u>1,255,018</u>	<u>293,975</u>	<u>284,301</u>	<u>1,833,294</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	305,350	91,896		397,246
Public Health Services	3,115			3,115
Leisure Time Activities	27,142			27,142
Community Environment	6,813			6,813
Transportation		218,942		218,942
General Government	244,432			244,432
Capital Outlay		159,761	71,269	231,030
Debt Service				
Redemption of Principal			65,000	65,000
Interest and Other Fiscal Charges			19,345	19,345
<i>Total Cash Disbursements</i>	<u>586,852</u>	<u>470,599</u>	<u>155,614</u>	<u>1,213,065</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>668,166</u>	<u>(176,624)</u>	<u>128,687</u>	<u>620,229</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers-In		183,591		183,591
Transfers-Out	(183,591)			(183,591)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(183,591)</u>	<u>183,591</u>		
Net Change in Fund Cash Balance	484,575	6,967	128,687	620,229
Fund Cash Balances, January 1	1,425,642	182,907	555,262	2,163,811
<b>Fund Cash Balances, December 31</b>				
Nonspendable	739			739
Restricted		189,874	17,041	206,915
Committed			666,908	666,908
Assigned	219,885			219,885
Unassigned	1,689,593			1,689,593
<i>Fund Cash Balances, December 31</i>	<u>\$1,910,217</u>	<u>\$189,874</u>	<u>\$683,949</u>	<u>\$2,784,040</u>

See accompanying notes to the basic financial statements

VILLAGE OF EDGERTON  
WILLIAMS COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$3,643,694
Miscellaneous	30,514
<i>Total Operating Receipts</i>	<i>\$3,674,208</i>
<b>Operating Cash Disbursements:</b>	
Personal Services	590,266
Contractual Services	2,475,251
Supplies and Materials	89,154
Capital Outlay	180,965
<i>Total Operating Cash Disbursements</i>	<i>3,335,636</i>
<i>Operating Income</i>	<i>338,572</i>
<b>Non-Operating Receipts (Disbursements):</b>	
Property and Other Local Taxes	5,621
Earnings on Investments	19,345
Other Financing Sources	8,480
Other Financing Uses	(8,180)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>25,266</i>
<i>Net Change in Fund Cash Balances</i>	<i>363,838</i>
Fund Cash Balances, January 1	3,445,861
<i>Fund Cash Balances, December 31</i>	<i>\$3,809,699</i>

See accompanying notes to the basic financial statements

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

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**Note 1 - Reporting Entity**

The Village of Edgerton, Williams County (the Village), is a body corporate and politic 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 governmental services, including electric, water, and sewer utilities, park operations, street maintenance, police and fire protection and general maintenance.

***Joint Ventures and Public Entity Risk Pool***

The Village participates in four joint ventures, four long term purchase commitments, and a public entity risk pool. Notes 8, 13 and 14 to the financial statements provide further information on these organizations.

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

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for 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*** 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 debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction, Maintenance and Repair Fund*** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

***Fire Levy Fund*** This fund receives levy funds to provide fire protection services to Village residents.

***Capital Projects 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 of Edgerton, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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***Income Tax Capital Improvement Fund*** This fund received proceeds from the Town Hall Improvement Bond. The proceeds were used to renovate the municipal building.

***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 Funds:

***Water Fund*** This fund receives charges for services from residents to cover water service costs.

***Sewer Fund*** This fund receives charges for services from residents to cover sewer service costs.

***Electric Fund*** This fund receives charges for services from residents to cover electric service costs.

***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 Council 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 that each fund be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department, or object level of control for all funds, and appropriations may not exceed estimated resources. 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 re-appropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values its Town Hall Improvement Bonds at cost, less repayments.

**Village of Edgerton, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
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***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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.

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

**Note 3 - Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,187,655	\$1,255,018	\$67,363
Special Revenue	548,653	477,566	(71,087)
Capital Projects	319,612	284,301	(35,311)
Enterprise	4,046,772	3,707,654	(339,118)
Total	\$6,102,692	\$5,724,539	(\$378,153)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,079,709	\$789,343	\$290,366
Special Revenue	538,213	472,147	66,066
Capital Projects	254,839	172,023	82,816
Enterprise	4,007,600	3,385,040	622,560
Total	\$5,880,361	\$4,818,553	\$1,061,808

**Note 4 - Deposits and Investments**

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

	2019
Demand deposits	\$4,383,152
Certificates of deposit	1,530,577
Cash on Hand	10
Total deposits	5,913,739
Townhall Improvements	680,000
Total deposits and investments	\$6,593,739

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

The Electric Fund holds the Town Hall Improvement Bond identifying the Village as owner.

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

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**Note 5 - Property Taxes**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 6 - Income Taxes**

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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 7 – Interfund Balances and Transfers**

*Transfers*

During 2019, the following transfers were made:

<b>Transfer to</b>	<b>Transfer from</b>
	General
Special Revenue Funds:	
Street Construction Manintenance and Repair Fund	\$160,724
Fire Fund	22,867
Total Transfers	\$183,591

The above mentioned Transfers From/To were used to move unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 8 - Risk Management**

**Risk Pool Membership**

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

- General liability and casualty
- Public official’s liability
- Cyber

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

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- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

**Note 9 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time firefighters' wages, respectively. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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

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**Note 10 - Postemployment Benefits**

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

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

**Note 11 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$680,000	2.65%

In December 2012, the Village issued a \$900,000 General Obligation Bonds to pay the cost of renovating, improving and equipping the new Village Town Hall. The Bonds were issued with an interest rate of 2.65% and are repaid over a period of 15 years. The general revenues of the Village have been pledged to repay the Bonds. The Bonds were purchased by the Village’s Electric Fund.

**Amortization**

Amortization of the General Obligation Bonds, including interest, is scheduled as follows:

Year ending	General
December 31:	Obligation
	Bonds
2020	\$73,020
2021	86,562
2022	89,708
2023	92,720
2024	100,600
2025-2027	326,696
Total	\$769,306

**Note 12 - Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

**Note 13 - Joint Ventures**

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

The Village of Edgerton is a Non-Financing Participant and an Owner Participant with an ownership percentage 1.09% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system.

The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2018, (latest information available) the outstanding debt was \$0. The Village's net investment in OMEGA JV2 was \$72,322 at December 31, 2018 (latest information available). Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

**Village of Edgerton, Ohio**  
*Williams County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
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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
	95.20%	127,640		4.80%	6,441
Grand Total			100.00%		134,081

***Ohio Municipal Electric Generation Agency Joint Venture 4 (OMEGA JV4)***

The Village of Edgerton is a Financing Participant with an ownership percentage of 3%, and shares participation with three other subdivisions within the State of Ohio in a joint venture to oversee construction and operation of a 69 kilowatt transmission line in Williams County, the Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV4).

OMEGA JV4 is managed by AMP-Ohio, who acts as the joint venture's agent. The participants are obligated, by agreement to remit on a monthly basis those cost incurred from using electric generated by the joint venture. JV4 does not have any debt outstanding. In the event of a shortfall, the Joint Venture participants are billed for their respective shares of the estimated shortfall.

The Villages net investment in JV4 was \$9,895 at December 31, 2018 (latest information available). Complete financial statements for OMEGA JV4 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.ohio.us](http://www.auditor.state.ohio.us).

The four participating subdivisions and their respective ownership shares at December 31, 2018 (latest information available) are: Participant Percent Project Ownership and Entitlement Bryan 42% Pioneer 30% Montpelier 25% Edgerton 3% Total 100%

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

The Village of Edgerton is a Financing Participant with an ownership percentage of .92%, 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.

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

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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, 2019, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement 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.

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia and an associated transmission line in Ohio owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of December 31, 2019, \$37,982,680 of the 2001 Belleville Beneficial Interest Certificates ("2001 BICs") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the "JV5 Note"). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "2016 BICs") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of December 31, 2019, \$20,965,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP.

The Village's net investment to date in OMEGA JV5 was \$27,489 at December 31, 2018 (latest information available). Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

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

The Village of Edgerton is a Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the 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 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the JV6 assets. OMEGA JV6 has no debt outstanding.

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. As of December 31, 2019, the Village has met its debt coverage obligation.

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").

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 \$67,535 at December 31, 2018 (latest information available). Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

The ten participating subdivisions and their respective ownership shares at December 31, 2018 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%
Edgerton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

**Note 14 - Long Term Purchase Commitments**

***Prairie State Energy Campus (PSEC)***

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the “Prairie State Refunding Bonds” and, together with the Initial Prairie State Bonds, the “Prairie State Bonds”) to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of January 1, 2020, AMP had \$1,495,245,000 aggregate principal amount of Prairie State Bonds outstanding.

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 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.

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

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***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 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, 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 \$170,719. The Village received a credit of \$56,955 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$115,022 leaving a net credit balance of impaired cost estimate of \$46,483. The Village opted to leave 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, either positively or negatively, the Village's credit balance. These amounts will be recorded as they become estimable.

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

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,058, and interest credited to the Village has been \$2,193, resulting in a net credit balance at December 31, 2018 of \$47,887. The Village does have a potential PHFU Liability of \$48,751 resulting in a net total potential liability of \$864, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property (latest information available).

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

***Combined Hydroelectric Projects (79 Members)***

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

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

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The Village of Edgerton has executed a take-or-pay power sales contract with AMP for a Project Share of 799 kW or 0.38% of capacity and associated energy from the hydro facilities.

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 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 second quarter or early third quarter of 2017 (latest information available).

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.

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). 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 \$209,530,000 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. As of December 31, 2018, the total outstanding Hydro Project debt on AMP's books was approximately \$2,222,975,882 (latest information available).

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

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***AMP Fremont Energy Center (AFEC) (86 Members)***

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (FirstEnergy) the Fremont Energy Center (AFEC), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the 90.69% Interest) is sold to AMP Members pursuant to a take-or-pay power sales contract with 86 of its members (the “AFEC Power Sales Contract”).

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the 2012 AFEC Bonds), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the “AFEC Refunding Bonds” and, together with the 2012 AFEC Bonds, the AFEC Bonds) to refund a portion of the 2012 AFEC Bonds. As of January 1, 2020, \$489,280,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 530 kW or .11% of capacity and associated energy from the AFEC.

**Note 15 - AMP Revenue Coverage**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 13. 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:

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

	2019
Total Fund Cash Balance	\$2,586,511
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	2,927,880
Other Operating Receipts	23,779
Total Operating Receipts	2,951,659
 Operating Expenses	
Personal Services	273,764
Contractual Services	2,405,361
Supplies and Materials	42,821
Capital Outlay	74,493
Total Operating Expenses	2,796,439
 Operating Income	 155,220
 Nonoperating Receipts	
Property and Other Local Taxes	5,621
Earnings on Investments	19,345
Change in Fund Cash Balance	180,186
Beginning Fund Cash Balance	2,406,325
Ending Fund Cash Balance	\$2,586,511
 <b>Condensed Cash Flows Information:</b>	
Net Cash Provided by:	2019
Operating Activities	\$155,220
 Noncapital Financing Activities	
Other Noncapital Financing Activities	5,621
 Investing Activities	
Earnings on Investments	19,345
 Net Increase	180,186
Beginning Fund Cash Balance	2,406,325
Ending Fund Cash Balance	\$2,586,511

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

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**Note 16 - Contractual Commitments**

On November 24, 2009, Council entered into a real estate purchase agreement with the Edgerton Local School District (the District) in the amount of \$250,000. The property purchased is a portion of the former elementary school and houses the Village offices. Per the agreement, the Village made a down payment of \$10,000 and paid the District \$90,000 at closing on April 23, 2012. The Village will remit a payment of \$15,000 annually upon the anniversary date of the closing for a period of 10 years. The contract amount outstanding as of December 31, 2019 is \$45,000.

**Note 17 - Subsequent Events**

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

**Note 18 – Miscellaneous Revenues**

Capital Projects Miscellaneous Receipts primarily consisted of refunds and the sale of property and equipment.

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(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

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

Village of Edgerton  
Williams County  
324 North Michigan Street  
P.O. Box 609  
Edgerton, Ohio 43517-0609

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 Edgerton, Williams County, Ohio, (the Village) as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

May 4, 2020

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF EDGERTON**

**WILLIAMS 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  
MAY 19, 2020**