OHIO AUDITOR OF STATE
KEITH FABER

VILLAGE OF GENOA
OTTAWA COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Village of Genoa
Ottawa County
102 East 6th Street
Genoa, Ohio 43430

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 Genoa, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matters

As discussed in Note 13 to the financial statements, during 2019, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 14, 2020

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	$156,369	$53,374			$209,743
Municipal Income Tax	929,542				929,542
Intergovernmental	40,885	135,730			176,615
Charges for Services		22,308			22,308
Fines, Licenses and Permits	2,945	4,979			7,924
Earnings on Investments	36,853	31,140			67,993
Miscellaneous	22,646	11,121		$4,380	38,147
Total Cash Receipts	1,189,240	258,652		4,380	1,452,272
Cash Disbursements					
Current:					
Security of Persons and Property	476,872				476,872
Leisure Time Activities		68,616			68,616
Community Environment	4,848				4,848
Transportation		130,429			130,429
General Government	366,012				366,012
Capital Outlay	18,520	115,207		138,961	272,688
Debt Service:					
Principal Retirement		22,813	$31,440	48,966	103,219
Interest and Fiscal Charges			1,273		1,273
Total Cash Disbursements	866,252	337,065	32,713	187,927	1,423,957
Excess of Receipts Over (Under) Disbursements	322,988	(78,413)	(32,713)	(183,547)	28,315
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	200				200
Transfers In			33,072	162,669	195,741
Transfers Out	(162,669)				(162,669)
Total Other Financing Receipts (Disbursements)	(162,469)		33,072	162,669	33,272
Net Change in Fund Cash Balances	160,519	(78,413)	359	(20,878)	61,587
Fund Cash Balances, January 1	227,850	346,034	19,504	95,298	688,686
Fund Cash Balances, December 31					
Restricted		267,621			267,621
Committed				74,420	74,420
Assigned	268,359		19,863		288,222
Unassigned	120,010				120,010
Fund Cash Balances, December 31	$388,369	$267,621	$19,863	$74,420	$750,273

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

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	$3,158,396		$3,158,396
Miscellaneous	436,618	$17,851	454,469
Total Operating Cash Receipts	3,595,014	17,851	3,612,865
Operating Cash Disbursements			
Personal Services	430,777		430,777
Employee Fringe Benefits	281,253	1,092	282,345
Contractual Services	2,185,551		2,185,551
Supplies and Materials	206,977		206,977
Other	618	31,074	31,692
Total Operating Cash Disbursements	3,105,176	32,166	3,137,342
Operating Income (Loss)	489,838	(14,315)	475,523
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	1,855,000		1,855,000
Miscellaneous Receipts	14,591		14,591
Capital Outlay	(3,883)		(3,883)
Principal Retirement	(2,326,807)		(2,326,807)
Interest and Other Fiscal Charges	(49,750)		(49,750)
Total Non-Operating Receipts (Disbursements)	(510,849)		(510,849)
Loss before Transfers	(21,011)	(14,315)	(35,326)
Transfers Out	(33,072)		(33,072)
Net Change in Fund Cash Balances	(54,083)	(14,315)	(68,398)
Fund Cash Balances, January 1	2,770,987	1,086	2,772,073
Fund Cash Balances, December 31	$2,716,904	($13,229)	$2,703,675

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

Note 1 - Reporting Entity

The Village of Genoa (the Village), Ottawa County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services such as police protection, parks and recreation, building inspection, street maintenance and repairs, and water, sewer, electric, and refuse utility services.

Public Entity Risk Pool and Joint Ventures

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

> ***Street Operating Fund*** The Street Operating 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.
>
> ***Parks and Recreation Fund*** The Parks and Recreation Fund accounts for and reports receipts of taxes and fees for the purpose of providing recreational activities.
>
> ***Permissive Motor Vehicle License Tax Fund*** The Permissive Motor Vehicle License Tax Fund accounts for and reports the receipt of permissive tax revenue for the purpose of maintaining and repairing streets and roads within the Village.

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

> ***Equipment Debt Fund*** The Equipment Debt Fund uses transfers to pay principal and interest on various debt of the Village.

Capital Project Funds These funds account for and report financial resources that are 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:

> ***Capital Projects Fund*** The Capital Projects Fund accounts for and reports the receipt of a portion of the Village income tax through transfers committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

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 Operating Fund*** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

> ***Electric Operating Fund*** The Electric Operating Fund accounts for the provision of electric services to the residents, non-residents, and commercial users utilizing this utility.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village did not have any trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for flexible spending account activity.

Basis of Accounting

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

Budgetary Process

The Ohio Revised Code requires each fund (except certain custodial funds) be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

> ***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
>
> ***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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

Note 3 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,052,350	$1,189,440	$137,090
Special Revenue	192,600	258,652	66,052
Debt Service	34,000	33,072	(928)
Capital Projects	703,500	167,049	(536,451)
Enterprise	6,022,000	5,464,605	(557,395)
Total	$8,004,450	$7,112,818	($891,632)

2019 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	$1,241,126	$1,031,651	$209,475
Special Revenue	446,560	337,501	109,059
Debt Service	41,931	32,713	9,218
Capital Projects	797,518	187,927	609,591
Enterprise	6,592,064	5,521,460	1,070,604
Total	$9,119,199	$7,111,252	$2,007,947

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	($121,060)
Certificates of deposit	2,388,737
Other time deposits (savings accounts)	1,176,125
Total deposits	3,443,802
STAR Ohio	10,146
Total deposits and investments	$3,453,948

Deposits

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

Investments

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

Note 5 - Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a 1.5 percent income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2019, income tax receipts were posted to the General Fund.

Note 6 - 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
- 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:

	2019
Cash and investments	$38,432,610
Actuarial liabilities	$14,705,917

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

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

Social Security

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

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

Note 8 - Postemployment Benefits

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

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

Note 9 - Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	$82,610	various
Ohio Public Works Commission Loans	805,325	0.00%
Vehicle and Equipment Leases	271,130	various
AMP Ohio Bond Anticipation Note	1,855,000	various
OMEGA JV5 Debt	404,206	various
Total	$3,418,271	

The Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant and waterline improvement. The Village will repay these loans through semiannual installments through the year 2021.

The Ohio Public Works Commission (OPWC) loans relate to sewer system and street repairs. The Village will repay these loans through semiannual installments through the year 2048. The OPWC project for Loan CE16U ($44,487) is not complete, and an amortization schedule for the repayment of the loan is currently not available. Therefore, the loan amortization is not included in the schedule below.

The American Municipal Power (AMP Ohio) Bond Anticipation Note (BAN) relates to the annual refinancing of the AMP Electric System Improvement Bond Anticipation Notes to improve the Village's electric system. The Village pays a fixed amount each month and the amount charged to principal varies.

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

Leases

The Village has entered into various vehicle and equipment leases. The Village disbursed $116,365 to pay lease costs for the year ended December 31, 2019.

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans	AMP Ohio BAN	Equipment and Vehicle Leases
2020	$48,967	$43,343	$1,855,000	$84,958
2021	48,967	44,273		60,423
2022	48,967			38,813
2023	48,967			38,813
2024	48,967			38,813
2025-2029	228,524			38,813
2030-2034	129,256			
2035-2039	86,677			
2040-2044	58,175			
2045-2048	13,372			
Total	$760,839	$87,616	$1,855,001	$300,633

Note 10 - Miscellaneous Receipts

Enterprise and Custodial Fund Type miscellaneous receipts primarily consisted of electricity production reimbursements from AMP Ohio and flexible spending accounts withholdings.

Note 11 - Joint Ventures / AMP Ohio Project Participation

OMEGA JV5

The Village is a Financing Participant with an ownership percentage of .69%, and shares participation with forty-one other subdivisions within the State of Ohio in the OMEGA JV5. Financing Participants own undivided interests, as tenants in common, without right of participation in the OMEGA JV5 Project.

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

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

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2019, Village has met its debt coverage obligation.

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

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

The Village's net investment and its share of the operating results of OMEGA JV5 are reported in the Village's Electric Operating Fund (an Enterprise Fund). The Village's net investment in OMEGA JV5 was $20,488 at December 31, 2019. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV2

The Village is a Financing Participant and an Owner Participant with percentages of liability and ownership of .19% and .15%, respectively, and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

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

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

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

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was $4,802 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

Combined Hydroelectric Projects

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

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 200 kW or 0.10% of capacity and associated energy from the Combined Hydroelectric Projects.

AMP Fremont Energy Center (AFEC)

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

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 925 kW or 0.20% of capacity and associated energy from the AFEC.

Prairie State Energy Campus

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

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

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 896 kW or 0.24% of capacity and associated energy from the PSEC.

Solar Electricity Prepayment Project

In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a "System"), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. Amp has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of $80,675,000 to provide financing for the project.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the System of 515 kW or 0.88% of capacity and associated energy from the System.

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,638 kilowatts of a total 771,281 kilowatts, giving the Village a .21 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is $283,643. The Village received a credit of $99,402 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of $74,078 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost balance of $110,163. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

Since March 31, 2014 the Village has made payments of $22,033 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is $3,438 and interest expense incurred on AMP's line-of-credit of $9,201, resulting in a net impaired cost estimate at December 31, 2019 of $78,737. The Village does have a potential PHFU Liability of $82,253 resulting in a net total potential liability of $160,990, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property. AMP still intends to develop this site for the construction of a generating asset; however, at December 31, 2019, the type of future generating asset had not been determined. In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the project. Following mediation, AMP and Bechtel reached a settlement which resolved all claims. The terms of such settlement are confidential.

Note 12 - AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric 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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	2019
Total Fund Cash Balance	$1,571,714
Total Long-Term Debt	$2,259,206
Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,937,234
Other Operating Receipts	436,618
Total Operating Receipts	2,373,852
Operating Expenses	
Personal Services	196,363
Employee Fringe Benefits	134,652
Contractual Services	1,416,638
Supplies and Materials	91,584
Other	518
Total Operating Expenses	1,839,755
Operating Income	534,097
Nonoperating Receipts (Disbursements)	
Other Debt Proceeds	1,855,000
Other Nonoperating Receipts	4,654
Principal Payments	(2,273,059)
Interest Payments	(46,923)
Other Nonoperating (Disbursements)	(3,021)
Transfers	(11,024)
Change in Fund Cash Balance	59,724
Beginning Fund Cash Balance	1,511,990
Ending Fund Cash Balance	$1,571,714

Condensed Cash Flows Information:	2019
Net Cash Provided by:	
Operating Activities	$534,097
Capital and Related Financing Activities	
Proceeds of Capital Debt	1,855,000
Principal Payments on Capital and Related Debt	(2,273,059)
Other Capital and Related Financing Activities	(56,314)
Net Cash Used by Noncapital Financing Activities	(474,373)
Net Increase	59,724
Beginning Fund Cash Balance	1,511,990
Ending Fund Cash Balance	$1,571,714

Note 13 - Change in Accounting Principle

For fiscal year 2019, the Village has implemented GASB Statement No. 84, "*Fiduciary Activities.*"

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Village will no longer be reporting agency funds. The Village reviewed its fiduciary funds and certain funds will be reported in the new fiduciary fund classification of custodial funds. These fund reclassifications were incorporated in the Village's 2019 financial statements; primarily the change in fund type name from agency to custodial. There were no restatements of fund balances deemed necessary.

Note 14 - 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 continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Village's AMP Ohio Bond Anticipation Note rolled over on December 10, 2020 for $1,497,697 with a maturity date of December 9, 2021.

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	$153,169	$71,800			$224,969
Municipal Income Tax	851,551				851,551
Intergovernmental	42,423	118,970		$195,625	357,018
Charges for Services		21,290			21,290
Fines, Licenses and Permits	2,376				2,376
Earnings on Investments	15,082	13,500			28,582
Miscellaneous	17,252	7,860		2,314	27,426
Total Cash Receipts	1,081,853	233,420		197,939	1,513,212
Cash Disbursements					
Current:					
Security of Persons and Property	456,298				456,298
Leisure Time Activities		62,892			62,892
Community Environment	5,068				5,068
Transportation		120,196			120,196
General Government	368,797				368,797
Capital Outlay	22,419	17,177		538,434	578,030
Debt Service:					
Principal Retirement	9,453		$31,145	45,623	86,221
Interest and Fiscal Charges			1,568		1,568
Total Cash Disbursements	862,035	200,265	32,713	584,057	1,679,070
Excess of Receipts Over (Under) Disbursements	219,818	33,155	(32,713)	(386,118)	(165,858)
Other Financing Receipts (Disbursements)					
Loans Issued				144,780	144,780
Transfers In			33,072	149,020	182,092
Transfers Out	(149,020)				(149,020)
Total Other Financing Receipts (Disbursements)	(149,020)		33,072	293,800	177,852
Net Change in Fund Cash Balances	70,798	33,155	359	(92,318)	11,994
Fund Cash Balances, January 1	157,052	312,879	19,145	187,616	676,692
Fund Cash Balances, December 31					
Restricted		346,034			346,034
Committed				95,298	95,298
Assigned	188,776		19,504		208,280
Unassigned	39,074				39,074
Fund Cash Balances, December 31	$227,850	$346,034	$19,504	$95,298	$688,686

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

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	**Agency**	**(Memorandum Only)**
Operating Cash Receipts			
Charges for Services	$3,214,633		$3,214,633
Miscellaneous	589,901	$17,650	607,551
Total Operating Cash Receipts	3,804,534	17,650	3,822,184
Operating Cash Disbursements			
Personal Services	419,651		419,651
Employee Fringe Benefits	237,968		237,968
Contractual Services	2,122,224		2,122,224
Supplies and Materials	139,269		139,269
Other	375	16,564	16,939
Total Operating Cash Disbursements	2,919,487	16,564	2,936,051
Operating Income	885,047	1,086	886,133
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	2,210,080		2,210,080
Miscellaneous Receipts	13,335		13,335
Capital Outlay	(27,936)		(27,936)
Principal Retirement	(2,683,662)		(2,683,662)
Interest and Other Fiscal Charges	(45,528)		(45,528)
Total Non-Operating Receipts (Disbursements)	(533,711)		(533,711)
Income before Transfers	351,336	1,086	352,422
Transfers Out	(33,072)		(33,072)
Net Change in Fund Cash Balances	318,264	1,086	319,350
Fund Cash Balances, January 1	2,452,723		2,452,723
Fund Cash Balances, December 31	$2,770,987	$1,086	$2,772,073

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

Note 1 - Reporting Entity

The Village of Genoa (the Village), Ottawa County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services such as police protection, parks and recreation, building inspection, street maintenance and repairs, and water, sewer, electric, and refuse utility services.

Public Entity Risk Pool and Joint Ventures

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

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

> ***Street Operating Fund*** The Street Operating 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.
>
> ***Parks and Recreation Fund*** The Parks and Recreation Fund accounts for and reports receipts of taxes and fees for the purpose of providing recreational activities.

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

Equipment Debt Fund The Equipment Debt Fund uses transfers to pay principal and interest on various debt of the Village.

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

Capital Projects Fund The Capital Projects Fund accounts for and reports the receipt of a portion of the Village income tax through transfers committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

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 Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Electric Operating Fund The Electric Operating Fund accounts for the provision of electric services to the residents, non-residents, and commercial users utilizing this utility.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village did not have any trust funds.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for flexible spending account activity.

Basis of Accounting

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

Budgetary Process

The Ohio Revised Code requires each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary disbursements (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. Appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

> ***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
>
> ***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
>
> ***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 - Budgetary Activity

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

2018 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$1,090,850	$1,081,853	($8,997)
Special Revenue	227,950	233,420	5,470
Debt Service	34,000	33,072	(928)
Capital Projects	493,450	491,739	(1,711)
Enterprise	3,752,100	6,027,949	2,275,849
Total	$5,598,350	$7,868,033	$2,269,683

2018 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	$1,260,400	$1,011,055	$249,345
Special Revenue	406,044	200,265	205,779
Debt Service	53,146	32,713	20,433
Capital Projects	794,517	584,057	210,460
Enterprise	4,131,418	5,709,685	(1,578,267)
Total	$6,645,525	$7,537,775	($892,250)

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:

	2018
Demand deposits	($11,401)
Certificates of deposit	2,325,456
Other time deposits (savings accounts)	1,136,790
Total deposits	3,450,845
STAR Ohio	9,914
Total deposits and investments	$3,460,759

Deposits

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

Investments

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

Note 5 - Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a 1.5 percent income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2018, income tax receipts were posted to the General Fund.

Note 6 - 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
- 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:

	2018
Cash and investments	$35,381,789
Actuarial liabilities	$12,965,015

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

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

Social Security

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

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

Note 8 - Postemployment Benefits

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

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

Note - Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	$120,269	various
Ohio Public Works Commission Loans	854,291	0.00%
Vehicle and Equipment Leases	79,232	various
AMP Ohio Bond Anticipation Note	2,210,080	various
OMEGA JV5 Debt	440,787	various
Total	$3,704,659	

The Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant and waterline improvement. The Village will repay these loans through semiannual installments through the year 2021.

The Ohio Public Works Commission (OPWC) loans relate to sewer system and street repairs. The Village will repay these loans through semiannual installments through the year 2048. The OPWC project for Loan CE16U ($44,487) is not complete, and an amortization schedule for the repayment of the loan is currently not available. Therefore, the loan amortization is not included in the schedule below.

The American Municipal Power (AMP Ohio) Bond Anticipation Note (BAN) relates to the annual refinancing of the AMP Electric System Improvement Bond Anticipation Notes to improve the Village's **e**lectric **s**ystem. The Village pays a fixed amount each month and the amount charged to principal varies.

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

Leases

The Village has entered into various vehicle and equipment leases. The Village disbursed $76,978 to pay lease costs for the year ended December 31, 2018.

Amortization

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

Year ending December 31:	OPWC Loans	OWDA Loans	AMP Ohio BAN	Equipment and Vehicle Leases
2019	$48,967	$42,470	$2,210,080	$56,856
2020	48,967	43,343		24,536
2021	48,967	44,274		
2022	48,967			
2023	48,967			
2024-2028	236,678			
2029-2033	152,206			
2034-2038	89,311			
2039-2043	65,616			
2044-2048	21,158			
Total	$809,804	$130,087	$2,210,080	$81,392

Note 10 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

Note 11 - Joint Ventures / AMP Ohio Project Participation

OMEGA JV5

The Village is a Financing Participant with an ownership percentage of .69%, and shares participation with forty-one other subdivisions within the State of Ohio in the OMEGA JV5. Financing Participants own undivided interests, as tenants in common, without right of participation in the OMEGA JV5 Project.

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

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

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

The Agreement provides that the failure of any JV5 participant to makes any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement of Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases. In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2018, $34,840,755 of the 2001 Belleville Beneficial Interest Certificates ("*2001 BICs*") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of $56,125,000. In addition, on February 15, 2014, AMP redeemed $70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the "*JV5 Note*"). On January 29, 2016, OMEGA JV5 caused the issuance of $49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the "*2016 BICs*") to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The 2001 BICs and 2016 BICs are non-recourse to AMP. AS of December 31, 2018, the outstanding debt was $64,281,390.

The Village's net investment and its share of the operating results of OMEGA JV5 are reported in the Village's Electric Operating Fund (an Enterprise Fund). The Village's net investment in OMEGA JV5 was $20,488 at December 31, 2018. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV2

The Village is a Financing Participant and an Owner Participant with percentages of liability and ownership of .19% and .15%, respectively, and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

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

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

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV2, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2018, Village has met its debt coverage obligation.

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

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was $9,953 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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

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

Combined Hydroelectric Projects

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

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), in an original aggregate principal amount of $2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2018, $2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately $31.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 200 kW or 0.10% of capacity and associated energy from the Combined Hydroelectric Projects.

AMP Fremont Energy Center (AFEC)

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

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 925 kW or 0.20% of capacity and associated energy from the AFEC.

Prairie State Energy Campus

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

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

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract with 68 Members (the "Prairie State Participants"). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract. The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 896 kW or 0.24% of capacity and associated energy from the PSEC.

Solar Electricity Prepayment Project

In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a "System"), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. Amp has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of $80,675,000 to provide financing for the project.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the System of 515 kW or 0.88% of capacity and associated energy from the System.

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,638 kilowatts of a total 771,281 kilowatts, giving the Village a .21 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is $283,643. The Village received a credit of $99,402 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of $74,078 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost balance of $110,163. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

Since March 31, 2014 the Village has made payments of $22,033 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is $3,402 and interest expense incurred on AMP's line-of-credit of $6,757, resulting in a net impaired cost estimate at December 31, 2018 of $83,601. The Village does have a potential PHFU Liability of $79,846 resulting in a net total potential liability of $163,447, 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.

Note 12 - AMP Revenue Coverage

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

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	2018
Total Fund Cash Balance	$1,511,990
Total Long-Term Debt	$2,650,867
Condensed Operating Information:	
Operating Receipts	
Charges for Services	1,980,809
Other Operating Receipts	589,901
Total Operating Receipts	2,570,710
Operating Expenses	
Personal Services	194,949
Employee Fringe Benefits	110,211
Contractual Services	1,493,838
Supplies and Materials	55,222
Other	364
Total Operating Expenses	1,854,584
Operating Income	716,126
Nonoperating Receipts (Disbursements)	
Other Debt Proceeds	2,210,080
Other Nonoperating Receipts	4,123
Principal Payments	(2,640,432)
Interest Payments	(39,300)
Other Nonoperating (Disbursements)	(16,383)
Transfers	(11,024)
Change in Fund Cash Balance	223,190
Beginning Fund Cash Balance	1,288,800
Ending Fund Cash Balance	$1,511,990

Condensed Cash Flows Information:	2018
Net Cash Provided by:	
Operating Activities	$716,126
Capital and Related Financing Activities	
Proceeds of Capital Debt	2,210,080
Principal Payments on Capital and Related Debt	(2,640,432)
Other Capital and Related Financing Activities	(62,584)
Net Cash Used by Noncapital Financing Activities	(492,936)
Net Increase	223,190
Beginning Fund Cash Balance	1,288,800
Ending Fund Cash Balance	$1,511,990

Note 13 - Miscellaneous Receipts

Enterprise and Agency Fund Type miscellaneous receipts primarily consisted of electricity production reimbursements from AMP Ohio and flexible spending account withholdings.

Note 14 - 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 continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Village's AMP Ohio Bond Anticipation Note rolled over on December 10, 2019 for $1,855,000 with a maturity date of December 9, 2021.

Note 15 - Compliance

Contrary to Ohio law, appropriations exceeded certified resources in the Capital Projects Fund at December 31, 2018.

Also contrary to Ohio law, expenditures exceeded appropriations in the Electric Operating Fund at December 31, 2018.

OHIO AUDITOR OF STATE
KEITH FABER

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

Village of Genoa
Ottawa County
102 East 6th Street
Genoa, Ohio 43430

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 Genoa, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 14, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-002 and 2019-003.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

December 14, 2020

VILLAGE OF GENOA
OTTAWA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness – Financial Reporting

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

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

- Debt Service Fund Type principal retirement and interest and fiscal charges disbursements in the amounts of $31,440 and $1,273, respectively, were incorrectly classified as capital outlay ($32,713);
- Debt Service Fund Type restricted fund balance in the amount of $19,863 was reclassified to assigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179); and
- Capital Project Fund Type budgeted receipts were increased in the amount of $84,500 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget.

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

- Debt Service Fund Type restricted fund balance in the amount of $19,504 was reclassified to assigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179); and
- Enterprise Fund Type principal retirement disbursements and other debt proceeds receipts associated with a BAN rollover were each understated in the amount of $2,210,080.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from $476 to $39,428 that we have brought to the Village's attention.

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

Officials' Response:

The Fiscal Officer will review the posting errors indicated and take them into consideration for future audits.

FINDING NUMBER 2019-002

Noncompliance Citation

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

On December 31, 2018, the Village's appropriations exceeded the amount certified as available by the budget commission in the Capital Projects Fund by $114,193.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village’s compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

Officials’ Response:

The Fiscal Officer will review appropriations and ensure that they do not exceed the official amount certified.

FINDING NUMBER 2019-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Electric Operating Fund had expenditures in excess of appropriations of $1,889,673 as of December 31, 2018.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials’ Response:

The Fiscal Officer will review appropriations and ensure expenditures do not exceed appropriations.

Mayor of Genoa
Thomas E. Bergman
mayor@genoaohio.org

Village Administrator
Kevin M. Gladden
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Where friends become family, moments become memories, and hard work is handed down.

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

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material weakness for errors in financial reporting initially reported as Finding 2013-001.	Not corrected and reissued as Finding 2019-001 in this report.	This matter was not corrected due to deficiencies in the Village's internal controls over financial reporting. The Fiscal Officer will perform a final review of the financial statements and notes to the financial statements to help identify and correct errors and omissions accordingly. The Auditor of State Bulletin 2011-004 will be referenced for information on the Governmental Accounting Standards Board Statement No. 54.

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OHIO AUDITOR OF STATE
KEITH FABER

VILLAGE OF GENOA

OTTAWA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/29/2020

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