



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY  
DECEMBER 31, 2018 AND 2017**

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**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY  
DECEMBER 31, 2018 AND 2017**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio, as of December 31, 2018 and 2017, and the respective changes in cash financial position and where applicable cash flows and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

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

May 1, 2020

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2018, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2018 are as follows:

Net position of governmental activities increased \$285,581 or 14.7 percent, from the prior year.

The Village's general receipts were increased due to an increase in other local taxes and interest earnings.

Net Position of the Electric operation, the Village's lone business-type activity, increased by \$100,591, or more than 7.6 percent, during 2018.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

**Report Components**

The statement of net position assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (major funds) in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

**Reporting the Village as a Whole**

The statement of net position and the statement of activities reflect how the Village did financially during 2018, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets. State and federal grants and property, lodging, and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric service. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - A portion of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Water Tower Major Repair Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major enterprise fund, the Electric Operating Fund.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2018 compared to 2017 on a cash basis:

(Table 1)

**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Cash/Cash Equivalents	\$2,224,139	\$1,938,558	\$ 1,414,680	\$ 1,314,089	\$ 3,638,819	\$3,252,647
<b>Net Position</b>						
Restricted for:						
Capital Outlay	58,826	58,825			58,826	58,825
Other Purposes	27,207	23,122	750	450	27,957	23,572
Unrestricted	2,138,106	1,856,611	1,413,930	1,313,639	3,552,036	3,170,250
Total Net Assets	\$ 2,224,139	\$1,938,558	\$ 1,414,680	\$ 1,314,089	\$ 3,638,819	\$3,252,647

As mentioned previously, net position of governmental activities increased \$285,581 or 14.7 percent during 2018. The primary reason contributing to the increase in cash balances is an infrastructure debt was satisfied in 2017 which eliminated the disbursement shown under basic utilities.

Net position of business-type activities increased by \$100,591, or more than 7.7 percent, during 2018, due to significantly less capital outlay expenditures in 2018 than 2017.

Table 2 reflects the changes in net position on a cash basis in 2018 and 2017 for governmental activities, business-type activities, and total primary government.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

(Table 2)

**Changes in Net Position**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Cash Receipts:						
Program Receipts:						
Charges for Services and Sales	\$906	\$905	\$8,072,462	\$7,745,108	\$8,073,368	\$7,746,013
Operating Grants & Contributions	5,566	5,410			5,566	5,410
Total Program Receipts	<u>6,472</u>	<u>6,315</u>	<u>8,072,462</u>	<u>7,745,108</u>	<u>8,078,934</u>	<u>7,751,423</u>
General Receipts:						
Property Taxes	18,909	14,992			18,909	14,992
Other Local Taxes	500,944	487,541	660	703	501,604	488,244
Grants & Entitlements Not Restricted to Specific Programs	21,669	22,038			21,669	22,038
Sale of Notes			1,904,000	2,009,900		
Premium & Accrued Interest on Debt			18,869	20,059		
Sale of Capital Assets		2,698				
Interest	52,416	27,675	4,116		56,532	27,675
Miscellaneous	65,671	85,836		3,803	65,671	89,639
Total General Receipts	<u>659,609</u>	<u>640,780</u>	<u>1,927,645</u>	<u>2,034,465</u>	<u>664,385</u>	<u>642,588</u>
Total Receipts	<u>666,081</u>	<u>647,095</u>	<u>10,000,107</u>	<u>9,779,573</u>	<u>8,743,319</u>	<u>8,394,011</u>
Cash Disbursements:						
Security of Persons & Property	28,889	53,319				
Basic Utilities		149,074				149,074
Transportation	642					
General Government	157,135	155,567			157,135	155,567
Capital Outlay	66,248	244,597			66,248	244,597
Debt Service:						
Principal Retirement	112,727	994,641			112,727	994,641
Interest and Fiscal Charges	14,859	18,386			14,859	18,386
Electric Operating			9,899,216	9,781,927	9,899,216	9,781,927
Electric Deposits			300	150		150
Total Cash Disbursements	<u>380,500</u>	<u>1,615,584</u>	<u>9,899,516</u>	<u>9,782,077</u>	<u>10,250,185</u>	<u>11,344,342</u>
Increase in Net Position	285,581	(968,489)	100,591	(2,504)	386,172	(970,993)
Net Position, January 1,	1,938,558	2,907,047	1,314,089	1,316,593	3,252,647	4,223,640
Net Position, December 31,	<u>\$2,224,139</u>	<u>\$1,938,558</u>	<u>\$1,414,680</u>	<u>\$1,314,089</u>	<u>\$3,638,819</u>	<u>\$3,252,647</u>

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

Program receipts represent almost 1 percent of total governmental receipts. These are comprised of restricted intergovernmental receipts such as County permissive (requested), motor vehicle license and gas tax monies and charges for renting a room in the Village Hall to the Visitor's Bureau.

General receipts represent 99 percent of the Village's total receipts, and of this amount 76 percent are local taxes, consisting of lodging and kWh taxes, and 10 percent are miscellaneous revenues, consisting of annual infrastructure agreement receipt and BWC premium refund receipt. Property taxes, grants and entitlements, sale of capital assets, and interest make up the balance of the Village's general receipts (14 percent).

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Security of Persons and Property is for contracted police service, which is paid to the Village of Montpelier.

Basic Utilities were the water and sewer line tap fees for Chase Brass, which were paid to the Village of Montpelier, but were satisfied in 2017; and Transportation is the cost of maintaining the roads.

Capital Outlay disbursements represent repairs to the water tower due to a pipe freezing.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, capital outlay and principal retirement, which account for 41 percent, 17 percent and 29 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
Security of Persons & Property	28,889	28,889	53,319	53,319
Basic Utilities	\$0	\$0	\$149,074	\$149,074
Transportation	642	(4,924)	0	(5,410)
General Government	157,135	156,229	155,567	154,662
Capital Outlay	66,248	66,248	244,597	244,597
Principal Retirement	112,727	112,727	994,641	994,641
Interest & Fiscal Charges	14,859	14,859	18,386	18,386
<b>Total Expenses</b>	<b>\$380,500</b>	<b>\$374,028</b>	<b>\$1,615,584</b>	<b>\$1,609,269</b>

The dependence upon other (lodging and kWh) tax receipts is apparent as over 75 percent of governmental activities are supported through these general receipts.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

**Business-type Activities**

The electric operation of the Village is relatively large. The operating and non-operating receipts of the electric operations were \$10,000,107 and \$9,779,573 for 2018 and 2017, respectively. The large variance between 2018 and 2017 is due to an increase in the cost of energy purchased which passed on customers.

**The Village's Funds**

Total governmental funds had receipts of \$666,081 and disbursements of \$380,500 not including transfers or advances. The greatest change within the governmental funds occurred in the General Fund due to an increase in other local taxes and interest received.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2018, the General Fund budget did not require amending. The difference between final budgeted receipts and actual receipts was somewhat significant: at \$61,689. Actual receipts exceeded final budget receipts by 11.6 percent.

Final disbursements were budgeted at \$870,000 while actual disbursements were \$248,551. The Village continues to keep spending low to prepare for additional infrastructure expenditures in the future.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2018, the Village's outstanding debt included \$150,000 in general obligation bonds issued for the building of Village Hall; and \$20,486 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$171,246 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects; and \$1,904,000 on the American Municipal Power, Inc. promissory note for the construction of the Selwyn Dr. Electric Station

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to help build infrastructure to better serve our community and prepare for our current and future growth.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)  
(Continued)**

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 Co. Rd. M; Holiday City, Ohio 43543-9785.

**VILLAGE OF HOLIDAY CITY**  
**WILLIAMS COUNTY**  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,224,139	\$1,414,680	\$3,638,819
 <b>Net Position</b>			
Restricted for:			
Capital Projects	\$58,826		\$58,826
Other Purposes	27,207	\$750	27,957
Unrestricted	2,138,106	1,413,930	3,552,036
 <i>Total Net Position</i>	\$2,224,139	\$1,414,680	\$3,638,819

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY**  
**WILLIAMS COUNTY**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2018

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Current:						
Securities of Persons and Property	\$28,889			(\$28,889)		(\$28,889)
Transportation	642		\$5,566	4,924		4,924
General Government	157,135	\$906		(156,229)		(156,229)
Capital Outlay	66,248			(66,248)		(66,248)
Debt Service:						
Principal	112,727			(112,727)		(112,727)
Interest	14,859			(14,859)		(14,859)
<i>Total Governmental Activities</i>	<u>380,500</u>	<u>906</u>	<u>5,566</u>	<u>(374,028)</u>		<u>(374,028)</u>
<b>Business Type Activities</b>						
Electric Operating	9,899,216	8,071,862			(\$1,827,354)	(1,827,354)
Electric Deposits	300	600			300	300
<i>Total Business Type Activities</i>	<u>9,899,516</u>	<u>8,072,462</u>			<u>(1,827,054)</u>	<u>(1,827,054)</u>
<b>Total</b>	<u>\$10,280,016</u>	<u>\$8,073,368</u>	<u>\$5,566</u>	<u>(374,028)</u>	<u>(1,827,054)</u>	<u>(2,201,082)</u>
<b>General Cash Receipts</b>						
Property Taxes				18,909		18,909
Other Local Taxes				500,944	660	501,604
Grants and Entitlements not Restricted to Specific Programs				21,669		21,669
Sale of Notes					1,904,000	1,904,000
Premium and Accrued Interest on Debt					18,869	18,869
Earnings on Investments				52,416	4,116	56,532
Miscellaneous				65,671		65,671
<i>Total General Cash Receipts</i>				<u>659,609</u>	<u>1,927,645</u>	<u>2,587,254</u>
Change in Net Position				285,581	100,591	386,172
Net Position Beginning of Year				1,938,558	1,314,089	3,252,647
<i>Net Position End of Year</i>				<u>\$2,224,139</u>	<u>\$1,414,680</u>	<u>\$3,638,819</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

*Statement of Cash Basis Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2018*

	General	Water Tower Major	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,003,516	\$134,590	\$86,033	\$2,224,139
<b>Fund Balances</b>				
Restricted			\$86,033	\$86,033
Committed		\$134,590		134,590
Assigned	\$288,633			288,633
Unassigned	1,714,883			1,714,883
<i>Total Fund Balances</i>	\$2,003,516	\$134,590	\$86,033	\$2,224,139

See accompanying notes to the financial statements



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2018*

	General	Water Tower Major	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$18,909			\$18,909
Other Local Taxes	500,944			500,944
Intergovernmental	21,669		\$5,158	26,827
Charges for Services	600			600
Fines, Licenses and Permits	96		210	306
Earnings on Investments	52,416		408	52,824
Miscellaneous	824		64,847	65,671
<i>Total Receipts</i>	<u>595,458</u>		<u>70,623</u>	<u>666,081</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	28,679		210	28,889
Transportation			642	642
General Government	157,135			157,135
Capital Outlay		\$65,410	838	66,248
Debt Service:				
Principal Retirement			112,727	112,727
Interest and Fiscal Charges			14,859	14,859
<i>Total Disbursements</i>	<u>185,814</u>	<u>65,410</u>	<u>129,276</u>	<u>380,500</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>409,644</u>	<u>(65,410)</u>	<u>(58,653)</u>	<u>285,581</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			62,739	62,739
Transfers Out	(62,739)			(62,739)
<i>Total Other Financing Sources (Uses)</i>	<u>(62,739)</u>		<u>62,739</u>	
<i>Net Change in Fund Balances</i>	346,905	(65,410)	4,086	285,581
Fund Balances Beginning of Year	<u>1,656,611</u>	<u>200,000</u>	<u>81,947</u>	<u>1,938,558</u>
<i>Fund Balances End of Year</i>	<u>\$2,003,516</u>	<u>\$134,590</u>	<u>\$86,033</u>	<u>\$2,224,139</u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$18,159	\$18,159	\$18,909	\$750
Other Local Taxes	475,000	475,000	500,944	25,944
Intergovernmental	15,910	15,910	21,669	5,759
Charges for Services	600	600	600	
Fines, Licenses and Permits			96	96
Earnings on Investments	24,000	24,000	52,416	28,416
Miscellaneous	100	100	824	724
<i>Total Receipts</i>	<u>533,769</u>	<u>533,769</u>	<u>595,458</u>	<u>61,689</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	28,673	28,679	28,679	
Basic Utility Services	180,000	180,000		180,000
General Government	222,800	222,794	157,246	65,548
Capital Outlay	375,788	375,788		375,788
<i>Total Disbursements</i>	<u>807,261</u>	<u>807,261</u>	<u>185,925</u>	<u>621,336</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(273,492)	(273,492)	409,533	683,025
<b>Other Financing Uses</b>				
Transfers Out	(62,739)	(62,739)	(62,739)	
<i>Net Change in Fund Balance</i>	(336,231)	(336,231)	346,794	683,025
<i>Fund Balance Beginning of Year</i>	<u>1,656,611</u>	<u>1,656,611</u>	<u>1,656,611</u>	
<i>Fund Balance End of Year</i>	<u><u>\$1,320,380</u></u>	<u><u>\$1,320,380</u></u>	<u><u>\$2,003,405</u></u>	<u><u>\$683,025</u></u>

See accompanying notes to the financial statements:

**VILLAGE OF HOLIDAY CITY**  
**WILLIAMS COUNTY**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2018*

	Business-Type Activities		
	Electric Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,413,930	\$750	\$1,414,680
<b>Net Position</b>			
Restricted		\$750	\$750
Unrestricted	\$1,413,930		1,413,930
<i>Total Net Position</i>	\$1,413,930	\$750	\$1,414,680

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY**  
**WILLIAMS COUNTY**  
*Statement of Receipts, Disbursements,*  
*and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2018*

	Business-Type Activities		
	Electric Fund	Other Enterprise Fund	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$8,071,862	\$600	\$8,072,462
<b>Operating Disbursements</b>			
Employee Fringe Benefits	63		63
Contractual Services	7,796,770		7,796,770
Materials and Supplies	3,405		3,405
Other	3,257	300	3,557
<i>Total Operating Disbursements</i>	<u>7,803,495</u>	<u>300</u>	<u>7,803,795</u>
<i>Operating Income</i>	<u>268,367</u>	<u>300</u>	<u>268,667</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	660		660
Earnings on Investments	4,116		4,116
Sale of Notes	1,904,000		1,904,000
Premium and Accrued Interest on Debt	18,869		18,869
Capital Outlay	(40,096)		(40,096)
Principal Retirement	(2,009,900)		(2,009,900)
Interest and Other Fiscal Charges	(45,725)		(45,725)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(168,076)</u>		<u>(168,076)</u>
<i>Change in Net Position</i>	100,291	300	100,591
Net Position Beginning of Year	<u>1,313,639</u>	<u>450</u>	<u>1,314,089</u>
<i>Net Position End of Year</i>	<u><u>\$1,413,930</u></u>	<u><u>\$750</u></u>	<u><u>\$1,414,680</u></u>

See accompanying notes to the financial statements

**VILLAGE OF HOLIDAY CITY**  
**WILLIAMS COUNTY**  
*Statement of Cash Flows - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2018

	Business-Type Activities		
	Major Enterprise Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$8,071,862	\$600	\$8,072,462
Cash Payments for Employee Benefits	(63)		(63)
Cash Payments for Goods and Services	(7,800,175)		(7,800,175)
Other Cash Payments	(3,257)	(300)	(3,557)
<i>Net Cash Provided by (Used in)</i> <i>Operating Activities</i>	<u>268,367</u>	<u>300</u>	<u>268,667</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Property Taxes (for noncapital purposes)	660		660
<i>Net Cash Provided by (Used in)</i> <i>Noncapital Financing Activities</i>	<u>660</u>		<u>660</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Sale of Debt	1,922,869		1,922,869
Principal Paid on Debt	(2,009,900)		(2,009,900)
Interest Paid on Debt	(45,725)		(45,725)
Payments for Capital Acquisitions	(40,096)		(40,096)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(172,852)</u>		<u>(172,852)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	4,116		4,116
<i>Net Cash Provided by (Used in)</i> <i>Investing Activities</i>	<u>4,116</u>		<u>4,116</u>
<i>Net Increase in Cash and Cash Equivalents</i>	100,291	300	100,591
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,313,639</u>	<u>450</u>	<u>1,314,089</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,413,930</u></u>	<u><u>\$750</u></u>	<u><u>\$1,414,680</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Reporting Entity**

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

**C. Public Entity Risk Pools and Joint Venture**

The Village participates in the Ohio Plan Risk Management Inc., a public entity risk pool and a Joint Venture. Note 6 and 12 to the financial statements provide additional information for these entities.

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

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *cash* basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has two major governmental funds, the General Fund and the Water Tower Major Repair Capital Project Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Water Tower Major Repair Fund is used to account for monies accumulated for possible future repairs, maintenance, or replacement of the water tower.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose..

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has one major enterprise fund, the Electric Operating Fund. The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2018, the Village invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 was \$52,416 which includes \$23,641 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available. There were no net positions restricted by enabling legislation.

L. Fund Balance

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

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

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for that specific purpose stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Village of specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

**M. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

There were \$111 in encumbrances outstanding at year end (budgetary basis) for the General Fund.

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment, whose market value at all times shall be at least one hundred five percent of the deposits being secured or participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2018, the Village had \$179,320 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 5 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Village. Real property tax revenue received in Calendar 2018 represents collections of calendar year 2017 taxes.

Real property taxes received in calendar year 2018 were levied after October 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The Village receives property taxes from Williams County. The County Auditor periodically remits to the Village its portion of the taxes collected.

The assessed values upon which the fiscal year 2018 taxes were collected are:

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

Real Property	
Residential	\$253,070
Agricultural	701,550
Commercial/Industrial/Mineral	11,028,160
Public Utility	64,540
Total Assessed Value	\$12,047,320
Tax rate per \$1000 of Assessed Valuation	\$1.60

**Note 6 – Risk Management**

**A. Risk Pool Membership**

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lessor of 47% or \$117,500 of casualty losses and the lessor of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2017 and 2016 (the latest information available).

	<b>2017</b>	<b>2016</b>
Assets	\$14,778,111	\$14,765,712
Liabilities	(9,485,599)	(9,531,506)
Members’ Equity	\$5,292,512	\$5,234,206

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

**B. Workers' Compensation**

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

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description - Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.2% for services years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.2% for services years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.2% for services years in excess of 30
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility



**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits ****	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\* Member contributions within the combined plan are not used to fund the defined benefits retirement allowance.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$11,607 for year 2018.

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**Note 8 - Postemployment Benefits**

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan, the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multi-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend benefits is provided to the OPERS Board in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for to fund post-retirement health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2018 was 4.0 percent.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2018, 2017, and 2016 were \$893, \$826, and \$1,566 respectively. The full amount has been contributed for 2018, 2017, and 2016.

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**Note 9 – Debt**

The Village's long-term debt activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2003 Issue	4.5%	\$175,000		\$25,000	\$150,000	\$25,000
2002 Ohio Public Works						
Commission Loan	0%	26,340		5,854	20,486	5,854
2005 Ohio Water						
Development Authority Loan	3%	253,119		81,873	171,246	84,348
AMP Bond Anticipation Note '17		2,009,900		2,009,900		
AMP Bond Anticipation Note '18			1,904,000		1,904,000	1,904,000
		<u>\$2,464,359</u>	<u>\$1,904,000</u>	<u>\$2,122,627</u>	<u>\$2,245,732</u>	<u>\$2,019,202</u>
Total Governmental Activities		<u>\$2,464,359</u>	<u>\$1,904,000</u>	<u>\$2,122,627</u>	<u>\$2,245,732</u>	<u>\$2,019,202</u>

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

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

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

The Village's short-term debt activity involved the repayment of 2017's \$2,009,900 BAN and the issuance of a \$1,904,000 Electric System Improvement Bond Anticipation Note for interim financing of the Selwyn Dr. Substation Project. The Village participated in the American Municipal Power, Inc. "On behalf of" Financing Program and the Ohio Treasurer of State's Ohio Market Access Program (OMAP) to obtain financing at an interest rate of 3 percent. The Note has a maturity date of April 30, 2019. The note can be rolled over annually for 20 years. Monies collected as revenues of the electric system will be used to finance these payments.

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

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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Year	G.O. Bonds		OPWC Loan	OWDA Loan		Substation BAN	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2019	25,000	6,750	5,854	84,348	4,509	1,904,000	57,755
2020	30,000	5,625	5,853	86,898	1,960		
2021	30,000	4,275	5,853				
2022	30,000	2,925	2,926				
2023	35,000						
<b>Totals</b>	<b>\$150,000</b>	<b>\$19,575</b>	<b>\$20,486</b>	<b>\$171,246</b>	<b>\$6,469</b>	<b>1,904,000</b>	<b>\$57,755</b>

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

**Note 10 – Interfund Transfers**

During 2018 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$32,875
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	24,011
Total Transfers from the General Fund	<u>\$62,739</u>

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

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and /or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balances for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Water Tower Major Repair Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Restricted for</b>				
Substation Capital Project			\$58,825	\$58,825
Road Improvements			27,207	\$27,207
<i>Total Restricted</i>			86,032	86,032

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
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**Committed to**

Water Tower major repairs/maintenance		\$134,590		134,590
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**Assigned to**

Budgetary Stabilization	\$288,522			288,522
Other Purposes	111			111

<i>Total Assigned</i>	288,633			288,633
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<b>Unassigned</b>	1,714,883			1,714,883
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<i>Total Fund Balances</i>	\$2,003,516	\$134,590	\$86,032	\$2,224,138
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**Note 12 – Contractual Commitment/OMEGA JV4**

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

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2018, as a result of this contract, the Village paid \$7,358,525 to AMP.

**Note 13 – Long Term Purchase Commitments**

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

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

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

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, 2017, AMP had \$1,552,270,000 aggregate principal amount of Prairie State Bonds (the latest information available). The Village's Project Share was associated with approximately \$4,191,129 of the outstanding Project debt.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

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

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

**B. American Municipal Power Generating Station (AMPGS)**

The Village of Holiday City is a participant in the American Municipal Power Generating State Project (the "AMPGS Project"). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kW of a total 771,281 kW, giving the Village a 0.13% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$170,832. The Village received a credit of \$70,925 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$92,895 leaving a net credit balance of impaired cost estimate of \$38,213. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable. Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,058, and interest credited to the Village has been \$1,791, resulting in a net credit balance at December 31, 2017 of \$37,946. In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential. The Village does have a potential PHFU Liability of \$42,354 resulting in a net total potential liability of \$4,408, 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 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.

**C. Blue Creek Wind Energy Agreement**

AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, dated February 27, 2012 between AMP and Blue Creek Wind Farm, LLC ("Blue Creek"), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the "Blue Creek Wind Energy Agreement") from wind electric facilities to be located near Van Wert, Ohio. The contracted amount of the Village's capacity is 450 kWh. (0.37%)

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
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**D. AMP Fremont Energy Center (AFEC)**

On July 28, 2011, AMP acquired from First Energy Generation Corporation (“First Energy”) the Fremont Energy Center (“AFEC”), the 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, 2017, \$508,465,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village of Holiday City has executed a take-or-pay power sales contract with AMP for a Project Share of 660 kW or 0.14% of capacity and associated energy from the AFEC facility. As of December 31, 2017, the Village’s Project Share was associated with approximately \$711,851 of the outstanding Project debt.

**E. American Municipal Power Solar Project II (DG AMP Solar PPA)**

AMP has negotiated and executed a Joint Development Agreement and Solar Power Purchase Agreement, dated March 31, 2016 between AMP and an affiliate of NextEra Energy Resources, DG AMP Solar, LLC (DG AMP Solar), for the purchase of up to 80 MW or more of solar generated renewable electric capacity and associated energy and other Products (collectively the “DG AMP Solar PPA”) from solar photovoltaic systems to be located at sites which shall be interconnected with the Electric System of a Host Member. The contracted amount of the Village’s project share is 375 kWh.

**Note 14 – Tax Abatements**

As of December 31, 2018, the Village provides tax incentives under one (1) program, the Enterprise Zone Program.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018  
(Continued)**

**Enterprise Zone Program**

The Village was part of multiple Enterprise Zone (EZ) tax abatement agreements with two local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 15 years. The Village's abatements are for 10 years or less and are 100% abated. The total value of real property subject to exemption for 2018 was \$52,614,610. The total value of taxes abated for 2018 was \$29,464.

**Note 15 – Subsequent Events**

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



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)**

This discussion and analysis of the Village of Holiday City's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2017, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2017 are as follows:

Net position of governmental activities decreased \$968,489 or 33 percent, from the prior year.

The Village's general receipts were decreased greatly due to the sale of notes for the electric substation being recorded in the Electric Fund, and the principal loan payment remaining under governmental activities. Kilowatt hour (kWh) taxes and lodging tax were significant receipts as these represent 58 and 17 percent of the total cash received for governmental activities during the year.

Net Position of the Electric operation, the Village's lone business-type activity, decreased by \$2,504, or less than 1 percent, during 2017.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statements are organized so the reader can understand the Village as a financial whole, or as an entire operating entity.

**Report Components**

The statement of net position assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (major funds) in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

**Reporting the Village as a Whole**

The statement of net position and the statement of activities reflect how the Village did financially during 2017, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as lodging and kWh taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including streets. State and federal grants and property, lodging, and kWh taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has one business-type activity, the provision of electric service. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - A portion of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Water Tower Major Repair Fund and the Electric Substation Capital Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major enterprise fund, the Electric Operating Fund.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2017 compared to 2016 on a cash basis:

(Table 1)

**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Cash/Cash Equivalents	<u>\$1,938,558</u>	<u>\$ 2,907,047</u>	<u>\$ 1,314,089</u>	<u>\$ 1,316,593</u>	<u>\$ 3,252,647</u>	<u>\$ 4,223,640</u>
<b>Net Position</b>						
Restricted for:						
Capital Outlay	\$ 58,825	\$ 1,097,192			\$ 58,825	1,097,192
Other Purposes	23,122	17,711	\$ 450	\$ 450	23,572	18,161
Unrestricted	<u>1,856,611</u>	<u>1,792,144</u>	<u>1,313,639</u>	<u>1,316,143</u>	<u>3,170,250</u>	<u>3,108,287</u>
Total Net Assets	<u>\$1,938,558</u>	<u>\$ 2,907,047</u>	<u>\$ 1,314,089</u>	<u>\$ 1,316,593</u>	<u>\$ 3,252,647</u>	<u>\$ 4,223,640</u>

As mentioned previously, net position of governmental activities decreased \$968,489 or 33 percent during 2017. The primary reasons contributing to the decrease in cash balances are the repayment of the unused substation note balance, contracted police service with a neighboring village, purchase of a tornado siren, and mutual aid payment for emergency work completed when a storm downed power lines.

Net position of business-type activities decreased by \$2,504, or less than 1 percent, during 2017, due in part to increased engineering costs associated with storm damage prevention and project options. Beginning in 2017, Substation BAN note renewals are reported under the Electric Operating Fund.

Table 2 reflects the changes in net position on a cash basis in 2017 and 2016 for governmental activities, business-type activities, and total primary government.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Cash Receipts:						
Program Receipts:						
Charges for Services and Sales	\$905	\$600	\$7,745,108	\$7,412,733	\$7,746,013	\$7,413,333
Operating Grants & Contributions	5,410	5,087			5,410	5,087
<b>Total Program Receipts</b>	<b>6,315</b>	<b>5,687</b>	<b>7,745,108</b>	<b>7,412,733</b>	<b>7,751,423</b>	<b>7,418,420</b>
General Receipts:						
Property Taxes	14,992	15,440			14,992	15,440
Other Local Taxes	487,541	471,529	703	666	488,244	472,195
Grants & Entitlements Not Restricted to Specific Programs	22,038	48,183			22,038	48,183
Sale of Notes		3,000,000	2,009,900			
Premium & Accrued Interest on Debt			20,059			
Sale of Capital Assets	2,698	255,001				
Interest	27,675	7,595			27,675	7,595
Miscellaneous	85,836	66,278	3,803	1,776	89,639	68,054
<b>Total General Receipts</b>	<b>640,780</b>	<b>3,864,026</b>	<b>2,034,465</b>	<b>2,442</b>	<b>642,588</b>	<b>611,467</b>
<b>Total Receipts</b>	<b>647,095</b>	<b>3,869,713</b>	<b>9,779,573</b>	<b>7,415,175</b>	<b>8,394,011</b>	<b>8,029,887</b>
Cash Disbursements:						
Security of Persons & Property	53,319					
Basic Utilities	149,074	149,061			149,074	149,061
Transportation						0
General Government	155,567	179,841			155,567	179,841
Capital Outlay	244,597	1,989,158			244,597	1,989,158
Debt Service:						
Principal Retirement	994,641	102,993			994,641	102,993
Interest and Fiscal Charges	18,386	21,618			18,386	21,618
Electric Operating			9,781,927	7,396,065	9,781,927	7,396,065
Electric Deposits			150			0
<b>Total Cash Disbursements</b>	<b>1,615,584</b>	<b>2,442,671</b>	<b>9,782,077</b>	<b>7,396,065</b>	<b>11,344,192</b>	<b>9,838,736</b>
Increase (Decrease) in Net Position	(968,489)	1,427,042	(2,504)	19,110	(970,993)	1,446,152
Net Position, January 1,	2,907,047	1,480,005	1,316,593	1,297,483	4,223,640	2,777,488
Net Position, December 31,	<u>\$1,938,558</u>	<u>\$2,907,047</u>	<u>\$1,314,089</u>	<u>\$1,316,593</u>	<u>\$3,252,647</u>	<u>\$4,223,640</u>

Program receipts represent almost 1 percent of total governmental receipts. These are comprised of restricted intergovernmental receipts such as County permissive (requested), motor vehicle license and gas tax monies and charges for renting a room in the Village Hall to the Visitor's Bureau.

General receipts represent 99 percent of the Village's total receipts, and of this amount 76 percent are local taxes, consisting of lodging and kWh taxes, and 13 percent are miscellaneous revenues, consisting of the

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

annual infrastructure agreement receipt and an insurance reimbursement receipt for pole damage. Property taxes, grants and entitlements, sale of capital assets, and interest make up the balance of the Village's general receipts (11 percent).

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, and the County Auditor and Treasurer fees, as well as internal services such as payroll and purchasing.

Security of Persons and Property is for contracted police service, which is paid to the Village of Montpelier.

Basic Utilities are the water and sewer line tap fees for Chase Brass, which are paid to the Village of Montpelier; and Transportation is the cost of maintaining the roads.

Capital Outlay disbursements represent remaining construction of the electric substation, mutual aid to repair downed power lines and poles, and a new storm siren.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for basic utilities, general government, capital outlay and principal retirement, which account for 9 percent, 9 percent, 15 percent and 62 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017	2017	2016	2016
Security of Persons & Property	\$53,319	\$53,319		
Basic Utilities	149,074	149,074	\$149,061	\$149,061
Transportation		(5,410)		(5,087)
General Government	155,567	154,662	179,841	179,241
Capital Outlay	244,597	244,597	1,989,158	1,989,158
Principal Retirement	994,641	994,641	102,993	102,993
Interest & Fiscal Charges	18,386	18,386	21,618	21,618
<b>Total Expenses</b>	<b>\$1,615,584</b>	<b>\$1,609,269</b>	<b>\$2,442,671</b>	<b>\$2,436,984</b>

The dependence upon other (lodging and kWh) tax receipts is apparent as over 30 percent of governmental activities are supported through these general receipts.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

**Business-type Activities**

The electric operation of the Village is relatively large. The operating and non-operating receipts of the electric operations were \$9,779,423 and \$7,415,175 for 2017 and 2016, respectively. The large variance between 2017 and 2016 is due to the sale of notes and the interest premium received on them.

**The Village's Funds**

Total governmental funds had receipts and other financing sources of \$647,095 and disbursements of \$1,615,584 not including transfers or advances. The greatest change within the governmental funds occurred in the General Fund due to mutual aid for downed electric poles and a new contract for police service; and due to the Capital Project Fund and the \$884,314 premium payment on the prior year's substation note.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2017, the General Fund budget did not require amending. The difference between final budgeted receipts and actual receipts was significant: at \$79,504. Actual receipts exceeded final budget receipts by 16 percent. The KWH and lodging tax, interest earnings and miscellaneous amounts received were higher than anticipated.

Final disbursements were budgeted at \$870,000 while actual disbursements were \$512,277. The Village continues to keep spending low to prepare for additional infrastructure expenditures in the future.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2017, the Village's outstanding debt included \$175,000 in general obligation bonds issued for the building of Village Hall; and \$26,340 on the Ohio Public Works Commission loan for Selwyn Drive/M-50 water/sewer infrastructure; and \$253,119 from the Ohio Water Development Authority loan for the Menard Distribution Center's water/sewer infrastructure and water tower projects; and \$2,009,900 on the American Municipal Power, Inc. promissory note for the construction of the Selwyn Dr. Electric Station

For further information regarding the Village's debt, refer to Note 9 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes to help build infrastructure to better serve our community and prepare for our current and future growth.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)  
(Continued)**

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lauri K. TenEyck-Rupp, Clerk-Treasurer, Village of Holiday City, 13918 Co. Rd. M; Holiday City, Ohio 43543-9785.

**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2017*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,938,558</u>	<u>\$1,314,089</u>	<u>\$3,252,647</u>
 <b>Net Position</b>			
Restricted for:			
Capital Projects	\$58,825		\$58,825
Other Purposes	23,122	\$450	23,572
Unrestricted	<u>1,856,611</u>	<u>1,313,639</u>	<u>3,170,250</u>
 <i>Total Net Position</i>	 <u><u>\$1,938,558</u></u>	 <u><u>\$1,314,089</u></u>	 <u><u>\$3,252,647</u></u>

See accompanying notes to the financial statements



**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2017*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Current:						
Security of Persons and Property	\$53,319			(\$53,319)		(\$53,319)
Basic Utility Services	149,074			(149,074)		(149,074)
Transportation			\$5,410	5,410		5,410
General Government	155,567	\$905		(154,662)		(154,662)
Capital Outlay	244,597			(244,597)		(244,597)
Debt Service:						
Principal	994,641			(994,641)		(994,641)
Interest	18,386			(18,386)		(18,386)
<i>Total Governmental Activities</i>	<u>1,615,584</u>	<u>905</u>	<u>5,410</u>	<u>(1,609,269)</u>		<u>(1,609,269)</u>
<b>Business Type Activities</b>						
Electric Operating	9,781,927	7,744,958			(\$2,036,969)	(2,036,969)
Electric Deposits	150	150				
<i>Total Business Type Activities</i>	<u>9,782,077</u>	<u>7,745,108</u>			<u>(2,036,969)</u>	<u>(2,036,969)</u>
<b>Total</b>	<u>\$11,397,661</u>	<u>\$7,746,013</u>	<u>\$5,410</u>	<u>(1,609,269)</u>	<u>(2,036,969)</u>	<u>(3,646,238)</u>
<b>General Cash Receipts</b>						
Property Taxes				14,992		14,992
Other Local Taxes				487,541	703	488,244
Grants and Entitlements not Restricted to Specific Programs				22,038		22,038
Sale of Notes					2,009,900	2,009,900
Premium and Accrued Interest on Debt					20,059	20,059
Sale of Capital Assets				2,698		2,698
Earnings on Investments				27,675		27,675
Miscellaneous				85,836	3,803	89,639
<i>Total General Cash Receipts</i>				<u>640,780</u>	<u>2,034,465</u>	<u>2,675,245</u>
Change in Net Position				(968,489)	(2,504)	(970,993)
Net Position Beginning of Year				2,907,047	1,316,593	4,223,640
<i>Net Position End of Year</i>				<u>\$1,938,558</u>	<u>\$1,314,089</u>	<u>\$3,252,647</u>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2017*

	<u>General</u>	<u>Water Tower Major</u>	<u>Electric Substation - Selwyn</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,656,611</u>	<u>\$200,000</u>	<u>\$58,825</u>	<u>\$23,122</u>	<u>\$1,938,558</u>
<b>Fund Balances</b>					
Restricted			\$58,825	\$23,122	\$81,947
Committed		\$200,000			200,000
Assigned	\$336,231				336,231
Unassigned	<u>1,320,380</u>				<u>1,320,380</u>
<i>Total Fund Balances</i>	<u>\$1,656,611</u>	<u>\$200,000</u>	<u>\$58,825</u>	<u>\$23,122</u>	<u>\$1,938,558</u>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2017*

	General	Water Tower Major	Electric Substation -Selwyn	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$14,992				\$14,992
Other Local Taxes	487,541				487,541
Intergovernmental	22,038			\$5,225	27,263
Charges for Services	600				600
Fines, Licenses and Permits	90			215	305
Earnings on Investments	27,620		\$55	185	27,860
Miscellaneous	21,165			64,671	85,836
<i>Total Receipts</i>	<u>574,046</u>		<u>55</u>	<u>70,296</u>	<u>644,397</u>
<b>Disbursements</b>					
Current:					
Security of Persons and Property	53,104			215	53,319
Basic Utility Services	149,074				149,074
General Government	155,567				155,567
Capital Outlay	90,492		154,105		244,597
Debt Service:					
Principal Retirement			884,317	110,324	994,641
Interest and Fiscal Charges				18,386	18,386
<i>Total Disbursements</i>	<u>448,237</u>		<u>1,038,422</u>	<u>128,925</u>	<u>1,615,584</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>125,809</u>		<u>(1,038,367)</u>	<u>(58,629)</u>	<u>(971,187)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	2,698				2,698
Transfers In				64,040	64,040
Transfers Out	(64,040)				(64,040)
<i>Total Other Financing Sources (Uses)</i>	<u>(61,342)</u>			<u>64,040</u>	<u>2,698</u>
<i>Net Change in Fund Balances</i>	64,467		(1,038,367)	5,411	(968,489)
Fund Balances Beginning of Year	<u>1,592,144</u>	<u>\$200,000</u>	<u>1,097,192</u>	<u>17,711</u>	<u>2,907,047</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,656,611</u></u>	<u><u>\$200,000</u></u>	<u><u>\$58,825</u></u>	<u><u>\$23,122</u></u>	<u><u>\$1,938,558</u></u>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$14,270	\$14,270	\$14,992	\$722
Other Local Taxes	455,000	455,000	487,541	32,541
Intergovernmental	17,270	17,270	22,038	4,768
Charges for Services	600	600	600	
Fines, Licenses and Permits			90	90
Earnings on Investments	10,000	10,000	27,620	17,620
Miscellaneous	100	100	21,165	21,065
<i>Total Receipts</i>	<u>497,240</u>	<u>497,240</u>	<u>574,046</u>	<u>76,806</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	52,000	54,090	53,104	986
Basic Utility Services	180,000	180,000	149,074	30,926
General Government	213,580	215,580	155,567	60,013
Capital Outlay	360,380	356,290	90,492	265,798
<i>Total Disbursements</i>	<u>805,960</u>	<u>805,960</u>	<u>448,237</u>	<u>357,723</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(308,720)	(308,720)	125,809	434,529
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets			2,698	2,698
Transfers Out	(64,040)	(64,040)	(64,040)	
<i>Total Other Financing Sources (Uses)</i>	(64,040)	(64,040)	(61,342)	2,698
<i>Net Change in Fund Balance</i>	(436,800)	(436,800)	64,467	439,925
<i>Fund Balance Beginning of Year</i>	<u>1,592,144</u>	<u>1,592,144</u>	<u>1,592,144</u>	
<i>Fund Balance End of Year</i>	<u><u>\$1,155,344</u></u>	<u><u>\$1,155,344</u></u>	<u><u>\$1,656,611</u></u>	<u><u>\$439,925</u></u>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
**WILLIAMS COUNTY**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2017*

	Business-Type Activities		
	Electric Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,313,639	\$450	\$1,314,089
<b>Net Position</b>			
Restricted		\$450	\$450
Unrestricted	\$1,313,639		1,313,639
<i>Total Net Position</i>	<i>\$1,313,639</i>	<i>\$450</i>	<i>\$1,314,089</i>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
**WILLIAMS COUNTY**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
For the Year Ended December 31, 2017

	Business-Type Activities		
	Electric Fund	Other Enterprise Fund	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$7,744,958	\$150	\$7,745,108
<b>Operating Disbursements</b>			
Employee Fringe Benefits	97		97
Contractual Services	7,405,850		7,405,850
Materials and Supplies	5,136		5,136
Other	6,502	150	6,652
<i>Total Operating Disbursements</i>	<u>7,417,585</u>	<u>150</u>	<u>7,417,735</u>
<i>Operating Income</i>	<u>327,373</u>		<u>327,373</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	703		703
Sale of Notes	2,009,900		2,009,900
Premium and Accrued Interest on Debt	20,059		20,059
Miscellaneous Receipts	3,803		3,803
Capital Outlay	(225,771)		(225,771)
Principal Retirement	(2,115,684)		(2,115,684)
Interest and Other Fiscal Charges	(22,887)		(22,887)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(329,877)</u>		<u>(329,877)</u>
<i>Change in Net Position</i>	(2,504)		(2,504)
Net Position Beginning of Year	<u>1,316,143</u>	<u>450</u>	<u>1,316,593</u>
<i>Net Position End of Year</i>	<u>\$1,313,639</u>	<u>\$450</u>	<u>\$1,314,089</u>

See accompanying notes to the financial statements

**Village of Holiday City, Ohio**  
*Williams County*  
*Statement of Cash Flows - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2017*

	Business-Type Activities		
	Electric Operating	Other Enterprise Funds	Total Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$7,744,958	\$150	\$7,745,108
Cash Payments for Employee Benefits	(97)		(97)
Cash Payments for Goods and Services	(7,410,986)		(7,410,986)
Other Cash Payments	(6,502)	(150)	(6,652)
<i>Net Cash Provided by Operating Activities</i>	<u>327,373</u>		<u>327,373</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Property Taxes (for noncapital purposes)	703		703
Other Cash Receipts	3,803		3,803
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>4,506</u>		<u>4,506</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Sale of Debt	2,029,959		2,029,959
Principal Paid on Debt	(2,115,684)		(2,115,684)
Interest Paid on Debt	(22,887)		(22,887)
Payments for Capital Acquisitions	(225,771)		(225,771)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(334,383)</u>		<u>(334,383)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,504)		(2,504)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,316,143</u>	<u>450</u>	<u>1,316,593</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,313,639</u></u>	<u><u>\$450</u></u>	<u><u>\$1,314,089</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Note 1 – Reporting Entity**

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

**C. Public Entity Risk Pool and Joint Venture**

The Village participates in the Ohio Plan Risk Management Inc., a public entity risk pool and a Joint Venture. Notes 6 and 12 to the financial statements provide additional information for these entities.

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

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *cash* basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has three major governmental funds, the General Fund, the Electric Substation Capital Project Fund and the Water Tower Major Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Electric Substation Capital Project Fund is used to account for monies used during the construction of the project. The Water Tower Major Repair Fund

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

whose use is used to account for monies accumulated for possible future repairs, maintenance, or replacement of the water tower.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has one major enterprise fund, the Electric Operating Fund. The Electric Operating Fund accounts for the provision of electric service to the residents and commercial users located within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds, with Salaries and Benefits categorized separately under the General Fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2017, the Village invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2017 was \$27,620 which includes \$12,990 assigned from other Village funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets. The Village's policy is to first apply restricted sources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available. There were no net positions restricted by enabling legislation.

L. Fund Balance

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

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

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for that specific purpose stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Village of specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

**M. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

There were no encumbrances outstanding at year end (budgetary basis) for the General Fund.

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

As of December 31, 2017, the Village had \$175,859 invested in STAR Ohio. STAR Ohio has a maturity of approximately one month.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Note 5 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the Village. Real property tax revenue received in Calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after October 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. 2017 public utility taxes which became a lien December 31, 2016, were levied after October 1, 2017, and are collected in 2017 with real property taxes.

The Village receives property taxes from Williams County. The County Auditor periodically remits to the Village its portion of the taxes collected.

The assessed values upon which the fiscal year 2017 taxes were collected are:

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

Real Property	
Residential	\$253,070
Agricultural	701,550
Commercial/Industrial/Mineral	8,472,880
Public Utility	61,190
Total Assessed Value	\$9,488,690
Tax rate per \$1000 of Assessed Valuation	\$1.60

**Note 6 – Risk Management**

**A. Risk Pool Membership**

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

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	(9,561,108)
Members' Equity	\$5,292,512

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



**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**B. Workers' Compensation**

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

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description - Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**VILLAGE OF HOLIDAY CITY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2017 Actual Contribution Rates</b>			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$10,738 for year 2017.

**Note 8 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan, the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend benefits is provided to the OPERS Board in Chapter 145 of the Ohio Revised Code.

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for to fund post-retirement health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care plans. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent during calendar year 2016. The portion of employer contribution allocated to health care for members in the Combined Plan was 2 percent during calendar year 2016. As recommended by the OPERS actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans.

The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into for participants in the Member-Directed Plan for 2016 was 4.0%.

The Village’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$826, \$1,566, and \$1,537 respectively. The full amount has been contributed for 2017, 2016, and 2015.

**Note 9 – Debt**

The Village’s long-term debt activity for the year ended December 31, 2017, was as follows:

	Interest Rate	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<b><u>Governmental Activities</u></b>						
<b>General Obligation Bonds</b>						
2003 Issue	4.5%	\$200,000		\$25,000	\$175,000	\$25,000
<b>2002 Ohio Public Works</b>						
Commission Loan	0%	32,193		5,853	26,340	5,853
<b>2005 Ohio Water</b>						
Development Authority Loan	3%	332,591		79,472	253,119	81,873
AMP Bond Anticipation Note ‘16		3,000,000		3,000,000		
AMP Bond Anticipation Note ‘17			2,009,900		2,009,900	2,009,900
<b>Total Governmental Activities</b>		<b><u>\$3,564,784</u></b>	<b><u>\$2,009,900</u></b>	<b><u>\$3,110,325</u></b>	<b><u>\$2,464,359</u></b>	<b><u>\$2,122,626</u></b>

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

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

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

The Village's short-term debt activity involved the repayment of 2016's \$3,000,000 BAN and the issuance of a \$2,009,900 Electric System Improvement Bond Anticipation Note for interim financing of the Selwyn Dr. Substation Project. The Village participated in the American Municipal Power, Inc. "On behalf of" Financing Program and the Ohio Treasurer of State's Ohio Market Access Program (OMAP) to obtain financing at an interest rate of 2.25 percent. The Note has a maturity date of May 1, 2018. The note can be rolled over annually for 20 years. Monies collected as revenues of the electric system will be used to finance these payments.

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

Year	G.O. Bonds		OPWC Loan	OWDA Loan		Substation BAN	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2018	25,000	7,875	5,853	81,873	6,984	2,009,900	45,725
2019	25,000	6,750	5,854	84,348	4,509		
2020	30,000	5,625	5,853	86,898	1,960		
2021	30,000	4,275	5,853				
2022	30,000	2,925	2,927				
2023	35,000						
<b>Totals</b>	<b>\$175,000</b>	<b>\$27,450</b>	<b>\$26,340</b>	<b>\$253,119</b>	<b>\$13,453</b>	<b>\$2,009,900</b>	<b>\$45,725</b>

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

**Note 10 – Interfund Transfers**

During 2017 the following transfers were made:

Transfers from the General Fund to:	
Village Hall Bond Retirement Fund	\$34,000
OPWC Loan Retirement Fund	5,853
OWDA Loan- Menard Project 2005/6 Fund	24,187
<b>Total Transfers from the General Fund</b>	<b>\$64,040</b>

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and /or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balances for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Water Tower Major	Electric Substation Capital Project Fund	Other Governmental Funds	Total
<b>Restricted for</b>					
Substation Capital Project			\$58,825		\$58,825
Road Improvements				\$23,121	\$23,121
<i>Total Restricted</i>			58,825	23,121	81,946
<b>Committed to</b>					
Water Tower major repairs/maintenance		\$200,000			200,000
<b>Assigned to</b>					
Budgetary Stabilization	\$336,231				336,231
<i>Total Assigned</i>	336,231				336,231
<b>Unassigned</b>	1,320,380				1,320,380
<i>Total Fund Balances</i>	<u>\$1,656,611</u>	<u>\$200,000</u>	<u>\$58,825</u>	<u>\$223,121</u>	<u>\$1,938,557</u>

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**Note 12 – Contractual Commitment/OMEGA JV-4**

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

AMP bills the Village for all electric power and energy purchased through this agreement. It also prepares the billing on behalf of the Village for an industrial customer located within the Village. This customer remits the payment to the Village. In 2017, as a result of this contract, the Village paid \$6,899,068 to AMP.

**Note 13 – Long Term Purchase Commitments**

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

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “*Initial Prairie State Bonds*”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. 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, 2017, AMP had \$1,552,270,000 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 995 kW or 0.27% of capacity and associated energy from the PSEC.

**B. American Municipal Power Generating Station (AMPGS)**

The Village of Holiday City is a participant in the American Municipal Power Generating State Project (the “*AMPGS Project*”). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village’s share was 1,000 kW of a total 771,281 kW, giving the Village a 0.13% share. The AMPGS Project required participants to sign “take or pay” contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP’s pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share at March 31, 2014, of the impaired costs is \$170,832. The Village received a credit of \$70,925 related

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and made payments of \$92,895 leaving a net credit balance of impaired cost estimate of \$38,213. The Village will be leaving the credit balance with AMP to offset any additional costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's credit balance. These amounts will be recorded as they become estimable. Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,741, and interest credited to the Village has been \$1,083, resulting in a net credit balance at December 31, 2016 of \$37,555. The Village does have a potential PHFU Liability of \$46,517 resulting in a net total potential liability of \$8,962, 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 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.

**C. Blue Creek Wind Energy Agreement**

AMP has negotiated and executed a Renewable Wind Energy Power Purchase Agreement, dated February 27, 2012 between AMP and Blue Creek Wind Farm, LLC ("Blue Creek"), for the purchase of up to 54 MW of wind generated renewable electric capacity and associated energy (the "Blue Creek Wind Energy Agreement") from wind electric facilities to be located near Van Wert, Ohio. The contracted amount of the Village's capacity is 450 kWh. (0.37%)

**D. AMP Fremont Energy Center (AFEC)**

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

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

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.



**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

The Village of Holiday City has executed a take-or-pay power sales contract with AMP for a Project Share of 660 kW or 0.14% of capacity and associated energy from the AFEC facility. As of December 31, 2016, the Village's Project Share was associated with approximately \$728,868 of the outstanding Project debt.

**E. American Municipal Power Solar Project II (DG AMP Solar PPA)**

AMP has negotiated and executed a Joint Development Agreement and Solar Power Purchase Agreement, dated March 31, 2016 between AMP and an affiliate of NextEra Energy Resources, DG AMP Solar, LLC (DG AMP Solar), for the purchase of up to 80 MW or more of solar generated renewable electric capacity and associated energy and other Products (collectively the "DG AMP Solar PPA") from solar photovoltaic systems to be located at sites which shall be interconnected with the Electric System of a Host Member. The contracted amount of the Village's project share is 375 kWh.

**Note 14 – Tax Abatements**

As of December 31, 2017, the Village provides tax incentives under one (1) program, the Enterprise Zone Program.

**Enterprise Zone Program**

The Village was part of multiple Enterprise Zone (EZ) tax abatement agreements with two local businesses. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. Taxes can be abated up to 100% for up to 15 years. The Village's abatements are for 10 years or less and are 100% abated. The total value of real property subject to exemption for 2017 was \$52,877,980. The total value of taxes abated for 2017 was \$29,612.

**Note 15 – Subsequent Events**

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

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NorthwestRegion@ohioauditor.gov

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Holiday City, Williams County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements and have issued our report thereon dated May 1, 2020, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2018-001 to be a material weakness.

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

May 1, 2020

**VILLAGE OF HOLIDAY CITY  
WILLIAMS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness – Monitoring of Utility Bills**

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

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

The Village does not have procedures to monitor the billing process handled by AMP-Ohio. These billings account for 65 percent of the total revenues recorded in the Electric Operating Fund during the audit period.

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

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

**Officials' Response:**

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

**2. OTHER – FINDINGS FOR RECOVERY**

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

**FINDING NUMBER 2018-002**

**Finding for Recovery Repaid Under Audit**

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

Ordinance 2016-6 set the salary for council members at \$3,000 and the Mayor at \$6,000. In 2018, Council member Pamela Clark was paid \$4,000. Council member Kerri Hutchison was paid \$1,333 for the period January 1, 2018 until she resigned effective April 30, 2018. Mayor Robert Day was paid \$8,000. These amounts were based on Ordinance 2017-6 (adopted December 21, 2017) which set the salary of council members at \$4,000 and the Mayor at \$8,000.

Pamela Clark and Kerrie Hutchison were elected to new terms as Council Members and Robert Day was elected to a term as Mayor during the general election held on November 7, 2017. Therefore, Ms. Clark, Ms. Hutchison and Mr. Day were not entitled to salary amounts set in Ordinance 2017-6 which resulted in overpayments of \$1,000 by Pamela Clark, \$333 by Kerrie Hutchison and \$2,000 by Robert Day. Village officials were unaware of the requirements of Ohio Rev. Code § 731.13.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Mayor Robert Day in the amount of \$2,000, against Pamela Clark in the amount of \$1,000, against Kerrie Hutchison in the amount of \$333 in favor of the Village of Holiday City General Fund in the amount of \$3,333.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State ex rel. Village of Linndale v. Masten* (1985), 18 Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Lauri K. TenEyck-Rupp, Clerk/Treasurer, will be jointly and severally liable in the amount of \$3,333 and in favor of the Village of Holiday City General Fund. Her bonding company is Ohio Plan Risk Management Incorporated.

On February 19, 2020, Lauri TenEyck-Rupp issued a check in the amount of \$3,333 to the Village. This finding for recovery is considered repaid under audit and resolved.

Village officials should consider training available from the Ohio Ethics Commission which can accessed at the following website address <https://www.ethics.ohio.gov/index.html>

This matter will be referred to the Ohio Ethics Commission for any action they deem necessary.

#### **Officials' Response:**

Finding 2018-002 relates to the validity of Ordinance 2017-6 and whether R.C. 731.13 can legitimately prohibit the Village of Holiday City from passing an ordinance regarding pre-term, post-election compensation changes for its elected officials. It is the Village's position that its constitutional home-rule powers are not limited by R.C. 731.13 and that the state of the law supports this position.

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

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

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

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

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

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

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

However, because these officials have acted, and will continue to act, with the best interests of the Village of Holiday City in mind, the decision was made to pay the \$3,333 to the Village. This decision was made to avoid an unresolved Finding for Recovery and to spare the Village and its citizens the considerable expenditure of resources, including time, money and energy, that would be required to continue to contest Finding 2018-002, including potential costly litigation. The Village maintains that its actions were appropriate under both the Constitution and ethics rules, and the payment is in no way an admission by the Village or any of its officials of any wrong-doing, nor a concession of any of its constitutionally-provided home-rule powers.

## AOS Conclusion

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

Since the timing of when a municipal elective officer’s pay must be fixed is procedural matter of local self-government, if the Village wished to lawfully enact ordinances contrary to the procedural requirements prescribed by state law in R.C. 731.13, it must do so by first adopting a charter that either expressly alters the procedural requirements of R.C. 731.13 or provides the Village with the authority to adopt procedures that differ from the Revised Code. Instead, the Village in this matter merely enacted an ordinance in direct violation of R.C. 731.13, which legally controlled when the Village’s elective officers’ compensation needed to be fixed by the Village Council.





**VILLAGE OF HOLIDAY CITY**  
**Incorporated 1997**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Material Weakness – Financial reporting errors due to net position classification errors.	Correction action was taken and finding was fully corrected.	
2016-002	Material Weakness - Financial reporting errors due to cash and investments classification errors.	Correction action was taken and finding was fully corrected.	
2016-003	Material Weakness - Monitoring of utility billings.	Not corrected and reissued as finding 2018-002 in this report.	Additional errors occurred and were not detected by the Village. Management is aware and understands the importance of maintaining a strong control environment regarding the monitoring of the billing process and will ensure to put controls in place.
2016-004	Significant Deficiency – Tax abatements were not disclosed in the note to the financial statements.	Correction action was taken and finding was fully corrected.	

**MAYOR:**  
Robert Day

**COUNCIL:**  
Pamela Clark  
Shawn Clark  
Pamela Day  
Jodie Faunce  
Sean Rupp

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

**ADMINISTRATOR:**  
Gary Baker

**ASSISTANT ADMN:**  
Blair Campbell

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HOLIDAY CITY**

**WILLIAMS COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 28, 2020**