



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**



**VILLAGE OF VERSAILLES  
DARKE COUNTY  
DECEMBER 31, 2023 AND 2022**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2023 .....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary Fund Types For the Year Ended December 31, 2023 .....	6
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types For the Year Ended December 31, 2023 .....	7
Notes to the Financial Statements For the Year Ended December 31, 2023 .....	9
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2022 .....	31
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary Fund Types For the Year Ended December 31, 2022 .....	32
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types For the Year Ended December 31, 2022 .....	33
Notes to the Financial Statements For the Year Ended December 31, 2022 .....	35
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Schedule of Findings.....	59
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	61

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Village of Versailles  
Darke County  
177 North Center Street  
P.O. Box 288  
Versailles, Ohio 45380

To the Village Council:

### Report on the Audit of the Financial Statements

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Versailles, Darke County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2025 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Keith Faber  
Auditor of State  
Columbus, Ohio

April 25, 2025

**This page intentionally left blank.**



**Village of Versailles  
Darke County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2023**

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$337,268	\$395,376			\$732,644
Municipal Income Tax	2,326,508	1,163,079			3,489,587
Intergovernmental	118,522	639,925			758,447
Special Assessments	289	19,911			20,200
Charges for Services	96,191	383,102			479,293
Fines, Licenses and Permits	70,625	460			71,085
Earnings on Investments	800,715	3,832			804,547
Miscellaneous	19,520	323,675		\$5,141	348,336
Payment in Lieu of Taxes				6,500	6,500
<b>Total Cash Receipts</b>	<b>3,769,638</b>	<b>2,929,360</b>		<b>11,641</b>	<b>6,710,639</b>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	550,112	598,479			1,148,591
Public Health Services	17,024	51,132			68,156
Leisure Time Activities		85,390			85,390
Community Environment	19,591				19,591
Transportation		423,538			423,538
General Government	351,808		\$6,750		358,558
Intergovernmental	22,774	7,786			30,560
Capital Outlay	103,432	2,165,000		173,868	2,442,300
Debt Service:					
Principal Retirement		16,600	178,907		195,507
Interest and Fiscal Charges			76,887		76,887
<b>Total Cash Disbursements</b>	<b>1,064,741</b>	<b>3,347,925</b>	<b>262,544</b>	<b>173,868</b>	<b>4,849,078</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>2,704,897</b>	<b>(418,565)</b>	<b>(262,544)</b>	<b>(162,227)</b>	<b>1,861,561</b>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued		240,415			240,415
Sale of Capital Assets	1,960	24,734			26,694
Transfers In		248,500	261,585		510,085
Transfers Out	(1,469,500)	(469,585)			(1,939,085)
Advances In	225,000	167,580			392,580
Advances Out	(1,192,580)				(1,192,580)
Other Financing Sources			1,174		1,174
Other Financing Uses	(39,664)			(3,501)	(43,165)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(2,474,784)</b>	<b>211,644</b>	<b>262,759</b>	<b>(3,501)</b>	<b>(2,003,882)</b>
<b>Net Change in Fund Cash Balances</b>	<b>230,113</b>	<b>(206,921)</b>	<b>215</b>	<b>(165,728)</b>	<b>(142,321)</b>
<b>Fund Cash Balances, January 1</b>	<b>3,692,283</b>	<b>4,330,659</b>	<b>107,570</b>	<b>344,759</b>	<b>8,475,271</b>
<b>Fund Cash Balances, December 31</b>	<b>\$3,922,396</b>	<b>\$4,123,738</b>	<b>\$107,785</b>	<b>\$179,031</b>	<b>\$8,332,950</b>

See accompanying notes to the financial statements

**Village of Versailles  
Darke County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2023**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$11,337,614
Miscellaneous	65,251
<i>Total Operating Cash Receipts</i>	<u>11,402,865</u>
<b>Operating Cash Disbursements</b>	
Personal Services	1,266,179
Employee Fringe Benefits	352,413
Contractual Services	6,299,679
Supplies and Materials	894,330
<i>Total Operating Cash Disbursements</i>	<u>8,812,601</u>
<i>Operating Income</i>	<u>2,590,264</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	94,489
Loans Issued	169,418
Sale of Capital Assets	432,469
Capital Outlay	(2,683,023)
Excise Tax Payment - Electric	(94,743)
Principal Retirement	(997,799)
Interest and Other Fiscal Charges	(77,288)
Other Financing Sources	9,300
Other Financing Uses	(3,734)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,150,911)</u>
<i>Income (Loss) before Transfers and Advances</i>	(560,647)
Transfers In	2,021,213
Transfers Out	(592,213)
Advances In	1,025,000
Advances Out	(225,000)
<i>Net Change in Fund Cash Balances</i>	1,668,353
<i>Fund Cash Balances, January 1</i>	<u>8,424,533</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,092,886</u></u>

*See accompanying notes to the basic financial statements*

**Village of Versailles**  
**Darke County**  
**Combined Statement of Additions, Deductions**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
**All Fiduciary Fund Types**  
**For the Year Ended December 31, 2023**

	Fiduciary Fund Types
	Private Purpose Trust
<b>Additions</b>	
Earnings on Investments (trust funds only)	\$12
<i>Total Additions</i>	12
<b>Deductions</b>	
Distributions as Fiscal Agent	231
<i>Total Deductions</i>	231
<i>Net Change in Fund Balances</i>	(219)
<i>Fund Cash Balances, January 1</i>	703
<i>Fund Cash Balances, December 31</i>	\$484
<i>See accompanying notes to the financial statements</i>	

**This page intentionally left blank.**

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 1 – Reporting Entity**

The Village of Versailles, Darke County, (the Village) is a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly- elected six-member Council directs the Village. The Village provides general government services, water, sewer and electric utilities, refuse services, cemetery, park operations and police, fire, and emergency medical services.

***Joint Ventures and Long Term Purchase Commitments***

The Village participates in two joint ventures and six long term purchase commitments. Notes 11 and 13 to the financial statement provides additional information for these organizations.

Joint Venture Organizations:

- Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
- Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

Long Term Purchase Commitments

- Combined Hydroelectric Projects
- Meldahl Hydroelectric Project
- Greenup Hydroelectric Project
- Prairie State Energy Campus
- AMP Fremont Energy Center (AFEC)
- Solar Electricity Prepayment Project

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

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

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Street Construction, Maintenance, and Repair Fund*** – This fund accounts for and reports that portion of the State gasoline tax money and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** – This fund accounts for and reports that portion of the State gasoline tax money and motor vehicle license registration fees for constructing, maintaining, and repairing state highways that run through the Village.

***EMS Fund*** – This fund receives property tax money, contract money from various village and townships, and billing fees for operation and upkeep of the emergency medical services operation.

***Fire Fund*** – This fund receives property tax money and contract money from various townships which the Village Fire Department covers for the operation and upkeep of the Fire Department.

***1/2% Income Tax Fund*** – This fund receives income tax money for street construction and major repair purposes consisting of storm drainage improvements, sanitary sewer improvements, waterline improvements and maintenance.

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

***Emergency Services Facility Fund*** – This fund receives transfers from the General Fund to repay the debt related to the emergency services building.

***North West Street Bond Retirement Fund*** - This fund receives transfers from the 1/2% Income Tax Fund to repay debt related to the North West Street extension.

***Ambulance Bond Retirement Fund*** – This fund receives transfers from the EMS Fund to repay debt related to the purchase of a new ambulance. This debt was retired in 2023.

***Capital Project Funds*** - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Economic Development Fund*** - This fund receives property rental receipts and payments in lieu of taxes used to develop land to be used for economic development within the Village.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Electric Fund*** – This fund receives charges for services from residents and commercial users to cover the cost of providing electric service.

***Fiduciary Fund*** – The fiduciary fund is a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

***Bicentennial Fund*** – This fund receives interest and proceeds from residents for bicentennial and tri-centennial celebration for Village residents.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments (Continued)***

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

The Village values certificates of deposit at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$1,825 are reflected as OneOhio Opioid Settlement revenue in the OneOhio Opioid Settlement Special Revenue Fund in the accompanying financial statements.

***Fund Balance***

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

***Nonspendable*** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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

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

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,996,598	\$3,996,598	\$0
Special Revenue	3,610,589	3,610,589	0
Debt Service	262,759	262,759	0
Capital Projects	11,641	11,641	0
Enterprise	15,154,754	15,154,754	0
Fiduciary	12	12	0
Total	<u>\$23,036,353</u>	<u>\$23,036,353</u>	<u>\$0</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,092,519	\$3,941,654	\$150,865
Special Revenue	4,549,795	4,221,431	328,364
Debt Service	262,544	262,544	0
Capital Projects	201,753	179,780	21,973
Enterprise	16,750,409	15,774,572	975,837
Fiduciary	231	231	0
Total	<u>\$25,857,251</u>	<u>\$24,380,212</u>	<u>\$1,477,039</u>

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Village's deposit and investment accounts are as follows:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$5,003,166
Certificates of deposit	484
Total deposits	<u>5,003,650</u>
STAR Ohio	13,422,670
Total investments	<u>13,422,670</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>18,426,320</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023 the village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

***Income Taxes***

The Village levies a municipal income tax of one and a half (1.5) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Interfund Balances**

Outstanding advances at December 31, 2023 consisted of \$800,000 from the General Fund to the Wellfield Development Fund to provide working capital for a project and \$167,580 from the General Fund to the Swimming Pool Fund to provide working capital for a project.

**Note 7 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement;
- Inland Marine;
- Boiler;
- Electronic Data Processing
- Cyber

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. 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.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All full-time and part-time employees that are not certified full-time police officers or part-time firefighters belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 8 – Defined Benefit Pension Plans (Continued)**

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members wages. The Village has paid all contributions required through December 31, 2023.

***Social Security***

The Village's part-time firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**Note 10 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Elevated Storage Tank Loan - OWDA #3737	\$28,961	3.39%
Water Treatment Plant - OWDA #3974	\$1,214,549	3.26%
Water Treatment Plant - OPWC CK029G	93,750	0.00%
Virginia Street Reconstruction OPWC CT54X	236,550	0.00%
Refunded Emergency Services Facility Bonds	1,060,000	3.20%
Wastewater Treatment Plant - OWDA #5175	1,496,145	1.00%
Wastewater Treatment Plant - OPWC CK11L	350,000	0.00%
N West Street Extension	1,040,000	3.68%
OMEGA JV5 Loan	132,183	Variable
Electric Improvement Line of Credit - AMP	158,961	Variable
Woodland Dr Reconstruction - OPWC CT18U	215,800	0%
Automated Water Reading - OPWC CK20Y	338,033	0.00%
Klipstine Road Reconstruction - OPWC CK36Z	240,415	0.00%
Wellfield Development Land Purchase	149,782	0.00%
Reed Road Well Field Transmission Line - OWDA	33,644	2.58%
Total	<u>\$6,788,773</u>	

The Elevated Storage Tank loan was issued on September 26, 2002 with a maturity date of January 1, 2024. The Ohio Water Development Authority (OWDA) loan is for the construction of a water tower. The OWDA issued \$893,628 in loans to the Village for this project. The Village will repay the loan in semiannual installments including interest. Payments are made from the Water Supply Development Fund.

The OWDA Water Treatment Plant loan was issued on October 30, 2003, with a maturity date of January 1, 2026. The loan is for the construction of a water treatment plant. The OWDA issued a loan of \$7,448,105 for this project. The Village will repay the loan in semiannual installments including interest. Payments are made from the Water Supply Development Fund.

The Ohio Public Works Commission (OPWC) Water Treatment Plant loan was issued on October 1, 2005, with a maturity date of January 2026. The loan is for the construction of the water treatment plant. OPWC approved a \$750,000 interest free loan to the Village for this project. The Village will repay the loan in semiannual installments of \$18,750. Payments are made from the Water Supply Development Fund.

In 2021, the Village borrowed \$249,000 from OPWC for the purpose of reconstructing Virginia Street. The loan has a 0.00% interest rate and a 30-year maturity date. The Village began making semiannual installment payments in June 2022. The annual principal loan payment is \$8,300. Payments are made from the ½% Income Tax Fund.

The Refunded Emergency Services Facility Bonds were issued in December 2017, with a maturity date of December 1, 2036. The bond refunded \$1,468,000 of the 2007 Emergency Services Facility Bonds that were issued for the purpose of constructing, improving, furnishing, and equipping an Emergency Services Facility with related facilities and site improvements. The Village will repay the bonds in annual installments, including interest. Payments are made from the Emergency Services Facility Bonds Debt Service Fund.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 10 – Debt (Continued)**

The Wastewater Treatment Plant loan with OWDA began in September 2009. OWDA approved a loan up to \$7,820,870 for this project. The Village also received \$4,473,196 in American Recovery and Reinvestment Act (ARRA) money to offset their loan with OWDA. The Village began to make semiannual installment payments beginning in 2012. The Village will repay the loan in annual installments, including interest. Payments are made from the Wastewater Treatment Debt Fund.

The Wastewater Treatment Plant Loan with OPWC was issued on October 19, 2009 for \$1,000,000, with a maturity date of 2030. The Village will repay the loan in semiannual installments of \$25,000. Payments are made from the Wastewater Treatment Debt Fund.

The N. West St Extension Project loan was issued on May 23, 2018 in the principal amount of \$1,435,000 with an interest rate of 3.68%. The Dayton-Montgomery County Port Authority (Issuer) issued Economic Development Bonds and loaned the proceeds to the Village of Versailles (Contracting Party) for the purpose of constructing and improving North West Street. The loan is due to mature in 2033. Under terms of the loan agreement, the Village contributed \$143,500 to a bond reserve account to be held in escrow by the trustee (Bank of New York Mellon) until the loan is retired in 2033. Monthly interest payments began June 1, 2018. Beginning February 1, 2019, monthly payments, including interest and admin/trustee fees are being made by the Village to Bank of New York. Payments are held by the bank in a principal reserve and interest reserve account. Payments are made from the N. West Bond Retirement Fund via transfer from the 1/2% Income Tax Fund.

On April 2, 2020 the Village paid the balance of \$485,000 in bond anticipation notes with American Municipal Power (AMP). A Line of Credit with American Municipal Power (AMP) was written in the amount of \$415,000, with a variable interest rate, 2.25% as of December 31st. The Village intends to make annual principal payments of \$70,000, plus interest. The maturity date is April 2, 2026. The loan was used for the Village's 4kV – 12kV electric improvements. Payments are made from the Electric Fund.

During 2018, the Village borrowed \$249,000 from the Ohio Public Works Commission for the purpose of reconstructing Woodland Drive. The loan has a 0.00% interest rate and a 30-year maturity date. The Village will make semiannual installment payments. The semiannual principal loan payment is \$4,150. Payments are made from the ½% Income Tax Fund.

In 2022 and 2023, the Village received a loan in the amount of \$338,033 from OPWC for the purpose of purchasing an automated water meter reading system for use with the Village's existing water meters. The loan has a 0.00% interest rate and a 10-year maturity date. Payments will begin in 2024 and are expected to be made from the Water Fund.

The Klipstine Road Improvements OPWC loan was issued in 2023 for \$240,415. The loan has a 0% interest rate and a 30-year maturity date. The Village will make semiannual installment payments of \$4,007 each beginning in 2024. Payments are expected to be made from the ½% Income Tax Fund.

In 2022, the Village exercised an option to purchase land for a future wellfield development. The agreement requires the Village to pay an additional \$209,694 with seven semi-annual payments of \$29,956 that began in January 2023. Payments were made from the Wellfield Development Fund.

In 2023, the Village was approved for a \$2,525,777 Ohio EPA loan through OWDA for the purpose of the Reed Road Well Field Transmission Line project. During 2023, only \$33,644 had been distributed. The loan has a 2.58% interest rate and a 30-year maturity date. No amortization schedule for this loan is included below due to the loan funds not being fully disbursed by OWDA at year-end.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**Note 10 – Debt (Continued)**

In addition to the debt described above, the OMEGA JV5 Project consists of governmental entities that have joined together to finance a municipal electric generation facilities. Bonded debt was issued in the amount of \$153,415,000 for the entire project. The Village pays the principal and interest amounts as invoiced based on their ownership interest in the venture. The debt is repaid through the purchase price of the electricity and is financed through user charges. Given the nature of the obligation, there is no stated amortization schedule for this Village debt.

**Amortization**

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

Year Ending December 31:	Elevated Storage Tank OWDA #3737	Water Treatment Plant Loan OWDA#3974	Water Treatment Plant Loan OPWC CK02G	Refunded Emergency Services Facilities Bond	Wastewater Treatment Plant OWDA#5175
2024	\$29,396	\$506,980	\$37,500	\$104,920	\$184,044
2025		508,223	37,500	101,648	184,044
2026		254,590	18,750	104,408	184,044
2027				100,008	184,044
2028				101,672	184,044
2029 - 2033				505,896	644,148
2034 - 2038				290,664	
2039 - 2043					
Total	<u>\$29,396</u>	<u>\$1,269,793</u>	<u>\$93,750</u>	<u>\$1,309,216</u>	<u>\$1,564,368</u>

Year Ending December 31:	Wastewater Treatment Plant OPWC #CK11L	Electric Improvement LOC - AMP	N West Street DMCPA	Woodland Dr OPWC CT18U	Virginia St OPWC CT54X
2024	\$50,000	\$78,087	\$127,164	\$8,300	\$8,300
2025	50,000	73,221	129,674	8,300	8,300
2026	50,000	19,149	130,237	8,300	8,300
2027	50,000		127,391	8,300	8,300
2028	50,000		132,755	8,300	8,300
2029 - 2033	100,000		585,774	41,500	41,500
2034 - 2038				41,500	41,500
2039 - 2043				41,500	41,500
2044 - 2048				41,500	41,500
2049 - 2053				8,300	29,050
Total	<u>\$350,000</u>	<u>\$170,457</u>	<u>\$1,232,995</u>	<u>\$215,800</u>	<u>\$236,550</u>



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**Note 10 – Debt (Continued)**

***Amortization (Continued)***

Year Ending December 31:	Automated Water Reading System OPWC CK20Y	Klipstine Rd Improvements OPWC CK36Z	Wellfield Development Land Purchase
2024	\$33,804	\$8,014	\$59,913
2025	33,804	8,014	59,913
2026	33,804	8,014	29,956
2027	33,804	8,014	
2028	33,804	8,014	
2029 - 2033	169,013	40,069	
2034 - 2038		40,069	
2039 - 2043		40,069	
2044 - 2048		40,069	
2049 - 2053		40,069	
Total	<u>\$338,033</u>	<u>\$240,415</u>	<u>\$149,782</u>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 5,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.65 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$860,451. The Village received a credit of \$283,700 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$226,124 related to the AMPGS costs deemed to have future benefit for the project participants. Additionally, the Village made payments of \$533,570, leaving an estimated net credit balance of impaired costs of \$182,943. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future.

Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's credit balance. These amounts will be recorded as they become estimable.

In 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.



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 10 – Debt (Continued)**

***Amortization (Continued)***

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$10,840, and interest credited to the Village has been \$42,433, resulting in a net credit balance at December 31, 2023 of \$214,536. The Village does have a potential PHFU Liability of \$247,762 resulting in a net total potential liability of \$33,226, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

**Note 11 – Long Term Purchase Commitments**

**Combined Hydroelectric Projects**

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

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), in an original aggregate principal amount of \$2,142,071,461 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take- or-pay power sales contract with 79 of its Members. As of December 31, 2023, \$2,095,888,824 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio (the "Court") against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project (the "Projects"). In the lawsuit, AMP alleged, among other things, that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claimed were due under the contract, amounts held by AMP as purported liquidated damages and additional damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

On February 1, 2023, AMP and Voith executed a Settlement Agreement and Mutual Release resolving all claims between the parties, and the Court dismissed the case with prejudice. Pursuant to the terms of the Settlement Agreement and Mutual Release: Voith will provide to AMP, at Voith's cost, certain equipment, parts, and services; AMP will make payments to Voith totaling \$25 million; and the future purchase and sale of goods and services for the Projects will be governed by agreed-upon terms and conditions.

Resolution of the claims pursuant to the Settlement Agreement and Mutual Release will not result in an impact that is material to the financial condition of AMP, the Projects, or the Participants in either of the Projects.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 11 – Long-Term Purchase Commitments (Continued)**

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 1,099 kW or 0.53% of capacity and associated energy from the Combined Hydroelectric Projects.

**Meldahl Hydroelectric Project**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the "Meldahl Project"). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds ("Meldahl Bonds") in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2023, \$632,385,000 aggregate principal amount of the Meldahl Bonds was outstanding under the indenture securing the Meldahl Bonds.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 383 kW or 0.36% of capacity and associated energy from the Meldahl Project.

**Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the "AMP Interest") in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the "2016 Greenup Bonds") and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2023, \$113,830,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 11 – Long-Term Purchase Commitments (Continued)**

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 251 kW or 0.74% of capacity and associated energy from the Greenup Hydroelectric Facility.

**Prairie State Energy Campus (PSEC)**

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "Initial Prairie State Bonds") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the "Prairie State Refunding Bonds" and, together with the Initial Prairie State Bonds, the "Prairie State Bonds") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2023, AMP had \$1,315,450,000 aggregate principal amount of Prairie State Bonds outstanding.

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 3,981 kW or 1.08% of capacity and associated energy from the PSEC.

**AMP Fremont Energy Center (AFEC)**

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

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 11 – Long-Term Purchase Commitments (Continued)**

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the "2012 AFEC Bonds"), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the "AFEC Refunding Bonds" and, together with the 2012 AFEC Bonds, the "AFEC Bonds") to refund a portion of the 2012 AFEC Bonds. As of December 31, 2023, \$378,790,000 aggregate principal amount of AFEC Bonds was outstanding.

In April 2021, AMP executed a Gas Supply Contract (the "Gas Supply Contract") with Tennergy Corporation ("Tennergy") under the terms of which Tennergy will provide a portion of the natural gas made available to Tennergy under the terms of a Prepaid Natural Gas Sales Agreement ("Prepaid Natural Gas Sales Agreement") between Tennergy and a subsidiary of Morgan Stanley. Under the Gas Supply Contract, AMP receives the benefit of a discount from market index gas priced.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 2,640 kW or 0.57% of capacity and associated energy from the AFEC.

**Solar Electricity Prepayment Project (22 Members)**

As discussed above, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a "System"), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP has prepaid for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. The development of the Systems covered by the PPA is complete, with 16 Systems with a rated capacity of approximately 58.325 MW in commercial operation.

On January 31, 2019, AMP issued \$55,195,000 of its Solar Electricity Prepayment Project Revenue Bonds, Series 2019A (the "2019 Solar Prepayment Bonds") to refinance draws on its Line of Credit associated with the first 13 Systems, with a rated capacity of approximately 36.83 MW. On August 20, 2020, AMP issued its \$25,480,000 Solar Electricity Prepayment Project Revenue Bonds, Series 2020 (Green Bonds) (collectively, with the 2019 Solar Prepayment Bonds, the "Solar Prepayment Bonds") to refinance draws on the Line of Credit associated with the remaining three Systems. Such Solar Prepayment Bonds are secured by a trust indenture (the "Solar Indenture") and payable from amounts received by AMP under a take-and-pay power sales contract with 22 of its members. As of December 31, 2023, \$73,115,000 aggregate principal amount of Solar Prepayment Bonds were outstanding which includes certain developmental costs. Amounts on the Line of Credit are payable as a subordinate obligation under the Solar Indenture.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Solar Electricity Prepayment Project of 1,992 kW or 3.45%% of capacity and associated energy from the Solar Electricity Prepayment Project.

**Note 12 – Contingent Liabilities**

The Village participates in several state and federal grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 13 – Joint Ventures With Equity Interest**

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

The Village is a Financing Participant and an Owner Participant with percentage of ownership of 1.24% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The Village's net investment in OMEGA JV2 was (\$24,425) at December 31, 2023. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

The Village is a Financing Participant with an ownership percentage of 1.10 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 13 – Joint Ventures With Equity Interest (Continued)**

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023 the Village has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$32,867 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Note 14 – Fund Balances**

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 14 – Fund Balances (Continued)**

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	175,169	403,921	2,411	581,501
<i>Total</i>	<u>\$175,169</u>	<u>\$403,921</u>	<u>\$2,411</u>	<u>\$581,501</u>

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

**Note 15 – Segment Information For The Electric Fund**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined enterprise fund type in the financial statements. Summary financial information for the Electric Fund is presented below:

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

---

**Note 15 – Segment Information For The Electric Fund (Continued)**

	2023
Total Fund Cash Balance	\$6,353,455
Total Long-Term Debt	\$291,144
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$9,078,880
Other Operating Receipts	44,925
Total Operating Receipts	9,123,805
Operating Expenses	
Personal Services	689,693
Employee Fringe Benefits	214,935
Contractual Services	5,976,702
Supplies and Materials	254,470
Total Operating Expenses	7,135,800
Operating Income	1,988,005
Nonoperating Receipts (Disbursements)	
Principal Payments	(167,096)
Interest Payments	(12,132)
Other Nonoperating Receipts (Disbursements)	(291,173)
Change in Fund Cash Balance	1,517,604
Beginning Fund Cash Balance	4,835,851
Ending Fund Cash Balance	<u>\$6,353,455</u>



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2023**

**Note 15 – Segment Information For The Electric Fund (Continued)**

<b>Condensed Cash Flows Information:</b>	<b>2023</b>
Net Cash Provided (Used) by:	
Operating Activities	\$1,988,005
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(167,096)
Interest Payments on Capital and Related Debt	(12,132)
Other Capital and Related Financing Activities	(291,173)
Net Cash Provided (Used) by Capital and Related Financing Activities	(470,401)
Net Increase (Decrease)	1,517,604
Beginning Fund Cash Balance	4,835,851
Ending Fund Cash Balance	<u>\$6,353,455</u>

**Note 16 – Subsequent Events**

In 2023, the Village began construction of the Wellfield Development Project. Construction of the wells were completed using local funds. Part of the Wellfield Development project is the Reed Road Well Field Transmission Line Project Phase I and Phase II. The Village was awarded a \$2,071,360 Ohio EPA loan through OWDA. Phase I of the project is the installation of the raw waterline within the Versailles Village limits. A portion of this loan (\$33,644) was issued in 2023 and the remainder was issued in 2024. Brumbaugh Construction Inc. will perform the construction of phase I for a contract price of \$1,294,633, to be paid using OWDA loan. Phase II is for installation of raw waterline on Reed Road north, outside of the Village. Shinn Bros., Inc was awarded the construction of the project for a contract price of \$1,197,500. With phase II being outside of the Village, the Village is partnering with Darke County. \$500,000 CDBG grant money awarded through the county will be used towards phase II of the project. The contractor will be paid by the county with the use of the CDGB funds. The remaining balance owed will use loan money. The project will be completed in 2024. The EPA/OWDA loan has a 2.58% interest rate and a 30-year maturity date. The first payment will be scheduled for January, 2026 with payments made from the Water Fund.

In 2023, the Village was awarded a 30 year, 0.00% OPWC loan of \$249,000 and a \$249,000 grant to be used for the North Central Waterline Improvement Project. The awarded bid by Shinn Bros was a contract price of \$1,279,000. The Village received notice of CDBG grant money of \$470,000 from Darke County for the project. Work on the project began in 2024 and is expected to be completed by the end of 2024. Payments for the OPWC loan will be made from the ½% Income Tax Fund.

**This page intentionally left blank.**

**Village of Versailles  
Darke County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$310,421	\$310,076			\$620,497
Municipal Income Tax	2,036,408	1,018,758			3,055,166
Intergovernmental	131,223	462,548			593,771
Special Assessments	227	72,429			72,656
Charges for Services	108,494	322,367			430,861
Fines, Licenses and Permits	69,628	249,525			319,153
Earnings on Investments	238,830	1,612			240,442
Miscellaneous	42,539	35,492		\$16,701	94,732
Payment In Lieu of Taxes				6,500	6,500
<b>Total Cash Receipts</b>	<b>2,937,770</b>	<b>2,472,807</b>		<b>23,201</b>	<b>5,433,778</b>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	285,813	839,092			1,124,905
Public Health Services	16,608	52,473			69,081
Leisure Time Activities		79,082			79,082
Community Environment	21,164				21,164
Transportation		402,349			402,349
General Government	320,718		7,167	8,066	335,951
Intergovernmental	31,420	6,144			37,564
Capital Outlay	103,992	859,173			963,165
Debt Service:					
Principal Retirement		12,450	176,861		189,311
Interest and Fiscal Charges			83,301		83,301
<b>Total Cash Disbursements</b>	<b>779,715</b>	<b>2,250,763</b>	<b>267,329</b>	<b>8,066</b>	<b>3,305,873</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>2,158,055</b>	<b>222,044</b>	<b>(267,329)</b>	<b>15,135</b>	<b>2,127,905</b>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	3,975				3,975
Transfers In		258,500	262,782	50,000	571,282
Transfers Out	(1,243,580)	(161,702)			(1,405,282)
Other Financing Sources			1,501		1,501
Other Financing Uses	(55,140)				(55,140)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(1,294,745)</b>	<b>96,798</b>	<b>264,283</b>	<b>50,000</b>	<b>(883,664)</b>
<b>Net Change in Fund Cash Balances</b>	<b>863,310</b>	<b>318,842</b>	<b>(3,046)</b>	<b>65,135</b>	<b>1,244,241</b>
<b>Fund Cash Balances, January 1</b>	<b>2,828,973</b>	<b>4,011,817</b>	<b>110,616</b>	<b>279,624</b>	<b>7,231,030</b>
<b>Fund Cash Balances, December 31</b>	<b>\$3,692,283</b>	<b>\$4,330,659</b>	<b>\$107,570</b>	<b>\$344,759</b>	<b>\$8,475,271</b>

See accompanying notes to the financial statements

**Village of Versailles  
Darke County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2022**

	Proprietary Fund Types
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$10,483,164
Miscellaneous	45,821
<i>Total Operating Cash Receipts</i>	<u>10,528,985</u>
<b>Operating Cash Disbursements</b>	
Personal Services	1,117,759
Employee Fringe Benefits	291,270
Contractual Services	7,062,923
Supplies and Materials	690,921
<i>Total Operating Cash Disbursements</i>	<u>9,162,873</u>
<i>Operating Income</i>	<u>1,366,112</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	202,259
Sale of Capital Assets	39,417
Capital Outlay	(1,546,315)
Excise Tax Payment - Electric	(92,372)
Principal Retirement	(920,103)
Interest and Other Fiscal Charges	(88,610)
Other Financing Sources	1,520
Insurance Proceeds	72,880
Other Financing Uses	(4,430)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,335,754)</u>
<i>Income (Loss) before Transfers</i>	(969,642)
Transfers In	857,159
Transfers Out	(23,159)
<i>Net Change in Fund Cash Balances</i>	(135,642)
<i>Fund Cash Balances, January 1</i>	<u>8,560,175</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,424,533</u></u>
<i>See accompanying notes to the financial statements</i>	

**Village of Versailles**  
**Darke County**  
**Combined Statement of Additions, Deductions**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
**All Fiduciary Fund Types**  
**For the Year Ended December 31, 2022**

	Fiduciary Fund Types
	Private Purpose Trust
<b>Additions</b>	
Earnings on Investments (trust funds only)	\$2
<i>Total Additions</i>	2
<i>Net Change in Fund Balances</i>	2
<i>Fund Cash Balances, January 1</i>	701
<i>Fund Cash Balances, December 31</i>	\$703
<i>See accompanying notes to the financial statements</i>	

**This page intentionally left blank.**

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 1 – Reporting Entity**

The Village of Versailles, Darke County, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly- elected six-member Council directs the Village. The Village provides general government services, water, sewer and electric utilities, refuse services, cemetery, park operations, and police, fire, and emergency medical services.

***Joint Ventures and Long Term Purchase Commitments***

The Village participates in two joint ventures and six long term purchase commitments. Notes 10 and 12 to the financial statements provide additional information for these organizations.

Joint Venture Organizations:

- Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)
- Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

Long Term Purchase Commitments:

- Combined Hydroelectric Projects
- Meldahl Hydroelectric Project
- Greenup Hydroelectric Project
- Prairie State Energy Campus
- AMP Fremont Energy Center (AFEC)
- Solar Electricity Prepayment Project

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

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

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Street Construction, Maintenance, and Repair Fund*** – This fund accounts for and reports that portion of the State gasoline tax money and motor vehicle license registration fees and street opening permits restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund*** – This fund accounts for and reports that portion of the State gasoline tax money and motor vehicle license registration fees for constructing, maintaining, and repairing state highways that run through the Village.

***EMS Fund*** – This fund receives property tax money, contract money from various village and townships, and billing fees for operation and upkeep of the emergency medical services operation.

***Fire Fund*** – This fund receives property tax money and contract money from various townships which the Village Fire Department covers for the operation and upkeep of the Fire Department.

***1/2% Income Tax Fund*** – This fund receives income tax money for street construction and major repair purposes consisting of storm drainage improvements, sanitary sewer improvements, waterline improvements and maintenance.

***American Rescue Plan Act Fund*** – This fund receives American Rescue Plan Act (ARPA) grant revenues that are restricted to use under the conditions of the grant program.

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

***Emergency Services Facility Fund*** – This fund receives transfers from the General Fund to repay the debt related to the emergency services building.

***North West Street Bond Retirement Fund*** - This fund receives transfers from the 1/2% Income Tax Fund to repay debt related to the North West Street extension.

***Ambulance Bond Retirement Fund*** – This fund receives transfers from the EMS Fund to repay debt related to the purchase of a new ambulance.

***Capital Project Funds*** - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

***Economic Development Fund*** - This fund receives property rental receipts and payments in lieu of taxes used to develop land to be used for economic development within the Village.

***Enterprise Funds*** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

***Electric Fund*** – This fund receives charges for services from residents and commercial users to cover the cost of providing electric service.

***Fiduciary Fund*** – The fiduciary fund is a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

***Bicentennial Fund*** – This fund receives interest and proceeds from residents for bicentennial and tri-centennial celebration for Village residents.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments (Continued)***

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

The Village values certificates of deposit at cost.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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

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

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,941,745	\$2,941,745	\$0
Special Revenue	2,731,307	2,731,307	0
Debt Service	264,283	264,283	0
Capital Projects	73,201	73,201	0
Enterprise	11,726,096	11,702,220	(23,876)
Fiduciary	2	2	0
Total	<u>\$17,736,634</u>	<u>\$17,712,758</u>	<u>(\$23,876)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,635,973	\$2,142,070	\$493,903
Special Revenue	4,020,049	3,525,280	494,769
Debt Service	267,577	267,329	248
Capital Projects	29,481	9,819	19,662
Enterprise	13,657,520	13,275,410	382,110
Fiduciary	232	0	232
Total	<u>\$20,610,832</u>	<u>\$19,219,908</u>	<u>\$1,390,924</u>

**Note 4 – Deposits and Investments**

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 4 – Deposits and Investments (Continued)**

	2022
<i><b>Cash Management Pool:</b></i>	
Demand deposits	\$4,159,565
Certificates of deposit	472
Total deposits	<u>4,160,037</u>
STAR Ohio	12,740,470
Total investments	<u>12,740,470</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>16,900,507</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022 the Village is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of one and a half (1.5) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 6 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement;
- Inland Marine;
- Boiler;
- Electronic Data Processing
- Cyber

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. 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.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All full-time and part-time employees that are not certified full-time Police Officers or part-time firefighters belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

The Village's part-time firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Elevated Storage Tank Loan - OWDA #3737	\$85,443	3.39%
Water Treatment Plant - OWDA #3974	\$1,673,534	3.26%
Water Treatment Plant - OPWC CK029G	131,250	0.00%
Virginia Street Reconstruction OPWC CT54X	244,850	0.00%
Refunded Emergency Services Facility Bonds	1,127,000	3.20%
Wastewater Treatment Plant - OWDA #5175	1,663,967	1.00%
Wastewater Treatment Plant - OPWC CK11L	400,000	0.00%
N West Street Extension	1,130,000	3.68%
OMEGA JV5 Loan	229,279	Variable
Electric Improvement Line of Credit - AMP	228,961	Variable
Woodland Dr Reconstruction - OPWC CT18U	224,100	0%
EMS Vehicle Bond - Series 2019	21,907	4.28%
Automated Water Reading - OPWC CK20Y	202,259	0.00%
Wellfield Development Land Purchase	209,694	0.00%
Total	<u>\$7,572,244</u>	

The Elevated Storage Tank loan was issued on September 26, 2002 with a maturity date of January 1, 2024. The Ohio Water Development Authority (OWDA) loan is for the construction of a water tower. The OWDA issued \$893,628 in loans to the Village for this project. The Village will repay the loan in semiannual installments including interest. Payments are made from the Water Supply Development Fund.

The OWDA Water Treatment Plant loan was issued on October 30, 2003, with a maturity date of January 1, 2026. The loan is for the construction of a water treatment plant. The OWDA issued a loan of \$7,448,105 for this project. The Village will repay the loan in semiannual installments including interest. Payments are made from the Water Supply Development Fund.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 9 – Debt (Continued)**

The Ohio Public Works Commission (OPWC) Water Treatment Plant loan was issued on October 1, 2005, with a maturity date of January 2026. The loan is for the construction of the water treatment plant. OPWC approved a \$750,000 interest free loan to the Village for this project. The Village will repay the loan in semiannual installments of \$18,750. Payments are made from the Water Supply Development Fund.

In 2021, the Village borrowed \$249,000 from OPWC for the purpose of reconstructing Virginia Street. The loan has a 0.00% interest rate and a 30-year maturity date. The Village began making semiannual installment payments in June 2022. The annual principal loan payment is \$8,300. Payments are made from the ½% Income Tax Fund.

The Refunded Emergency Services Facility Bonds were issued in December 2017, with a maturity date of December 1, 2036. The bond refunded \$1,468,000 of the 2007 Emergency Services Facility Bonds that were issued for the purpose of constructing, improving, furnishing, and equipping an Emergency Services Facility with related facilities and site improvements. The Village will repay the bonds in annual installments, including interest. Payments are made from the Emergency Services Facility Bonds Debt Service Fund.

The Wastewater Treatment Plant loan with OWDA began in September 2009. OWDA approved a loan up to \$7,820,870 for this project. The Village also received \$4,473,196 in American Recovery and Reinvestment Act (ARRA) money to offset their loan with OWDA. The Village began to make semiannual installment payments beginning in 2012. The Village will repay the loan in annual installments, including interest. Payments are made from the Wastewater Treatment Debt Fund.

The Wastewater Treatment Plant Loan with OPWC was issued on October 19, 2009 for \$1,000,000, with a maturity date of 2030. The Village will repay the loan in semiannual installments of \$25,000. Payments are made from the Wastewater Treatment Debt Fund.

The N. West St Extension Project loan was issued on May 23, 2018 in the principal amount of \$1,435,000 with an interest rate of 3.68%. The Dayton-Montgomery County Port Authority (Issuer) issued Economic Development Bonds and loaned the proceeds to the Village of Versailles (Contracting Party) for the purpose of constructing and improving North West Street. The loan is due to mature in 2033. Under terms of the loan agreement, the Village contributed \$143,500 to a bond reserve account to be held in escrow by the trustee (Bank of New York Mellon) until the loan is retired in 2033. Monthly interest payments began June 1, 2018. Beginning February 1, 2019, monthly payments, including interest and admin/trustee fees are being made by the Village to Bank of New York. Payments are held by the bank in a principal reserve and interest reserve account. Payments are made from the N. West Bond Retirement Fund via transfer from the 1/2% Income Tax Fund.

On April 2, 2020 the Village paid the balance of \$485,000 in bond anticipation notes with American Municipal Power (AMP). A Line of Credit with American Municipal Power (AMP) was written in the amount of \$415,000, with a variable interest rate, 2.25% as of December 31st. The Village intends to make annual principal payments of \$70,000, plus interest. The maturity date is April 2, 2026. The loan was used for the Village's 4kV – 12kV electric improvements. Payments are made from the Electric Fund.

During 2018, the Village borrowed \$249,000 from the Ohio Public Works Commission for the purpose of reconstructing Woodland Drive. The loan has a 0.00% interest rate and a 30-year maturity date. The Village will make semiannual installment payments. The semiannual principal loan payment is \$4,150. Payments are made from the ½% Income Tax Fund.

In 2019, the Village borrowed \$209,550 from Second National Bank (Division of Park National Bank) for the purpose of purchasing a new ambulance. The loan has a 4.28% interest rate and a 7-year maturity date. The Village began making monthly payments in May 2019, including interest. Payments are made from the Ambulance Bond Retirement Fund via a transfer from the EMS Fund.



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 9 – Debt (Continued)**

In 2022, the Village was approved for a \$350,000 loan from OPWC for the purpose of purchasing an automated water meter reading system for use with the Village's existing water meters. In 2022, OPWC disbursed \$202,259 to the Village for the project. The loan has a 0.00% interest rate and a 10-year maturity date. No amortization schedule for this loan is included below due to the loan funds not being fully disbursed by OPWC at year-end.

In 2022, the Village exercised an option to purchase land for a future wellfield development. The agreement requires the Village to pay an additional \$209,694 with seven semi-annual payments of \$29,956 beginning in January 2023. Payments are expected to be made from the Wellfield Development Fund.

In addition to the debt described above, the OMEGA JV5 Project consists of governmental entities that have joined together to finance a municipal electric generation facilities. Bonded debt was issued in the amount of \$153,415,000 for the entire project. The Village pays the principal and interest amounts as invoiced based on their ownership interest in the venture. The debt is repaid through the purchase price of the electricity and is financed through user charges. Given the nature of the obligation, there is no stated amortization schedule for this Village debt.

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

Year Ending December 31:	Elevated Storage Tank OWDA #3737	Water Treatment Plant Loan OWDA#3974	Water Treatment Plant Loan OPWC CK029G	Refunded Emergency Services Facilities Bond	Wastewater Treatment Plant OWDA#5175
2023	\$58,627	\$505,777	\$37,500	\$103,064	\$184,044
2024	29,395	506,980	37,500	104,920	184,044
2025		508,223	37,500	101,648	184,044
2026		254,590	18,750	104,408	184,044
2027				100,008	184,044
2028 - 2032				505,952	828,198
2033 - 2037				392,280	
Total	<u>\$88,022</u>	<u>\$1,775,570</u>	<u>\$131,250</u>	<u>\$1,412,280</u>	<u>\$1,748,418</u>



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

Year Ending December 31:	Wastewater Treatment Plant OPWC CK11L	Electric Improvement LOC - AMP	N West Street DMCPA	Woodland Dr OPWC CT18U	EMS Vehicle Bond - SNB
2023	\$50,000	\$80,471	\$130,480	\$8,300	\$21,907
2024	50,000	75,782	127,164	8,300	
2025	50,000	72,013	129,674	8,300	
2026	50,000	19,080	130,237	8,300	
2027	50,000		127,391	8,300	
2028 - 2032	150,000		663,365	41,500	
2033 - 2037			55,164	41,500	
2038 - 2042				41,500	
2043 - 2047				41,500	
2048 - 2052				16,600	
Total	<u>\$400,000</u>	<u>\$247,346</u>	<u>\$1,363,475</u>	<u>\$224,100</u>	<u>\$21,907</u>

Year Ending December 31:	Virginia Street Reconstruction OPWC CT54X	Wellfield Development Land Purchase
2023	\$8,300	\$59,913
2024	8,300	59,913
2025	8,300	59,913
2026	8,300	29,955
2027	8,300	
2028 - 2032	41,500	
2033 - 2037	41,500	
2038 - 2042	41,500	
2043 - 2047	41,500	
2048 - 2052	37,350	
Total	<u>\$244,850</u>	<u>\$209,694</u>

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 9 – Debt (Continued)**

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 5,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.65 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$860,451. The Village received a credit of \$283,700 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$226,124 related to the AMPGS costs deemed to have future benefit for the project participants. Additionally, the Village made payments of \$533,570, leaving an estimated net credit balance of impaired costs of \$182,943. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future.

Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's credit balance. These amounts will be recorded as they become estimable.

In 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.

Since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$10,783, and interest credited to the Village has been \$28,254, resulting in a net credit balance at December 31, 2022 of \$200,414. The Village does have a potential PHFU Liability of \$235,386 resulting in a net total potential liability of \$34,972, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

**Note 10 – Long Term Purchase Commitments**

**A. Combined Hydroelectric Projects**

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

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 10 – Long Term Purchase Commitments (Continued)**

To provide financing for, or refinance certain obligations incurred in respect of, the Combined Hydroelectric Projects, AMP has issued ten series of its Combined Hydroelectric Projects Revenue Bonds (the "Combined Hydroelectric Bonds"), in an original aggregate principal amount of \$2,142,071,461 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take- or-pay power sales contract with 79 of its Members. As of December 31, 2022, \$2,095,038,235 aggregate principal amount of the Combined Hydroelectric Bonds were outstanding under the indenture securing the Combined Hydroelectric Bonds.

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 1,099 kW or 0.53% of capacity and associated energy from the Combined Hydroelectric Projects.

**B. Meldahl Hydroelectric Project**

AMP owns and, together with the City of Hamilton, Ohio, an AMP Member, developed and constructed a 108.8 MW, three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing Army Corps dam on the Ohio River, and related equipment and associated transmission facilities (the "Meldahl Project"). The Meldahl Project is operated by the City of Hamilton.

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds ("Meldahl Bonds") in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2022, \$643,965,000 aggregate principal amount of the Meldahl Bonds was outstanding under the indenture securing the Meldahl Bonds.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 10 – Long Term Purchase Commitments (Continued)**

On August 14, 2017, AMP filed a lawsuit in the U.S. District Court for the Southern District of Ohio against Voith Hydro, Inc. ("Voith"), which was the supplier of major powerhouse equipment, including the turbines and generators for the Combined Hydroelectric Projects and the Meldahl Project. In the lawsuit, AMP alleges, among other things that Voith failed to deliver equipment on a timely basis and that certain of the equipment delivered was materially defective, causing significant delays. AMP has alleged proven damages of at least \$40 million. On October 16, 2017, Voith filed its answer, denying each of AMP's claims, and asserting two counterclaims seeking the payment of amounts it claims are due under the contract, amounts currently held by AMP as purported liquidated damages and \$40 million in damages, plus interest and legal fees. On December 1, 2017, AMP filed its answer to the Voith counterclaims, denying all liability to Voith.

As part of the initial disclosures, AMP listed 70 potential witnesses and \$90 million in gross damages, while Voith listed over 100 potential witnesses and \$65 million in gross damages. A scheduling order has been established which provides for an October 31, 2022 trial date.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Meldahl Project of 383 kW or 0.36% of capacity and associated energy from the Meldahl Project.

**C. Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the "AMP Interest") in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the "2016 Greenup Bonds") and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2022, \$118,760,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds.

The Village of Versailles has executed a take-or-pay power sales contract with AMP as a participant of the Greenup Hydroelectric Facility of 353 kW or 0.34% of capacity and associated energy from the Greenup Hydroelectric Facility.

**D. 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.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 10 – Long Term Purchase Commitments (Continued)**

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the "Initial Prairie State Bonds") to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. In 2015, 2017 and 2019, AMP issued bonds (the "Prairie State Refunding Bonds" and, together with the Initial Prairie State Bonds, the "Prairie State Bonds") to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009, certain of callable outstanding Initial Prairie State Bonds issued as Build America Bonds and certain of the bonds issued in 2015 to refund the Initial Prairie State Bonds. As of December 31, 2021 (most recent information available), AMP had \$1,413,165,000 aggregate principal amount of Prairie State Bonds outstanding.

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

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 3,981 kW or 1.08% of capacity and associated energy from the PSEC.

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

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

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

In 2012, to provide permanent financing for the 90.69% Interest, AMP issued, in two series, \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the "2012 AFEC Bonds"), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. In 2017, AMP issued bonds (the "AFEC Refunding Bonds" and, together with the 2012 AFEC Bonds, the "AFEC Bonds") to refund a portion of the 2012 AFEC Bonds. As of December 31, 2022, \$410,696,664 aggregate principal amount of AFEC Bonds was outstanding.

In April 2021, AMP executed a Gas Supply Contract (the "Gas Supply Contract") with Tennergy Corporation ("Tennergy") under the terms of which Tennergy will provide a portion of the natural gas made available to Tennergy under the terms of a Prepaid Natural Gas Sales Agreement ("Prepaid Natural Gas Sales Agreement") between Tennergy and a subsidiary of Morgan Stanley. Under the Gas Supply Contract, AMP receives the benefit of a discount from market index gas priced.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 10 – Long Term Purchase Commitments (Continued)**

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 2,640 kW or 0.57% of capacity and associated energy from the AFEC.

**F. Solar Electricity Prepayment Project (22 Members)**

As discussed above, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a “System”), each of which is located behind the meter of an AMP Member’s Electric System. Under the terms of the NextEra PPA, AMP has prepaid for twenty-five years of energy to be generated by each System at a “P90” confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. The development of the Systems covered by the PPA is complete, with 16 Systems with a rated capacity of approximately 58.325 MW in commercial operation.

On January 31, 2019, AMP issued \$55,195,000 of its Solar Electricity Prepayment Project Revenue Bonds, Series 2019A (the “2019 Solar Prepayment Bonds”) to refinance draws on its Line of Credit associated with the first 13 Systems, with a rated capacity of approximately 36.83 MW. On August 20, 2020, AMP issued its \$25,480,000 Solar Electricity Prepayment Project Revenue Bonds, Series 2020 (Green Bonds) (collectively, with the 2019 Solar Prepayment Bonds, the “Solar Prepayment Bonds”) to refinance draws on the Line of Credit associated with the remaining three Systems. Such Solar Prepayment Bonds are secured by a trust indenture (the “Solar Indenture”) and payable from amounts received by AMP under a take-and-pay power sales contract with 22 of its members. As of December 31, 2022, \$75,425,000 aggregate principal amount of Solar Prepayment Bonds were outstanding under the Solar Indenture and approximately \$5.1 million aggregate principal amount was on the Line of Credit, which includes certain developmental costs. Amounts on the Line of Credit are payable as a subordinate obligation under the Solar Indenture.

The Village of Versailles has executed a take-or-pay power sales contract with AMP as a participant of the Solar Electricity Prepayment Project of 1,992 kW or 2.71% of capacity and associated energy from the Solar Electricity Prepayment Project.

**Note 11 – Contingent Liabilities**

The Village participates in several state and federal grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village’s financial condition.

**Note 12 – Joint Ventures With Equity Interest**

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

The Village is a Financing Participant and an Owner Participant with percentage of ownership of 1.24% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 12 – Joint Ventures With Equity Interest (Continued)**

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The Village's net investment in OMEGA JV2 was (\$12,803) at December 31, 2022. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

The Village is a Financing Participant with an ownership percentage of 1.10 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the Village has met their debt coverage obligation.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 12 – Joint Ventures With Equity Interest (Continued)**

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$32,867 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Note 13 – Fund Balances**

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	63,635	1,112,816	1,753	1,178,204
<i>Total</i>	<u>\$63,635</u>	<u>\$1,112,816</u>	<u>\$1,753</u>	<u>\$1,178,204</u>

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



**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 14 – Segment Information For The Electric Fund**

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined enterprise fund type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2022
Total Fund Cash Balance	\$4,835,852
Total Long-Term Debt	\$458,240
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$8,165,277
Other Operating Receipts	30,965
Total Operating Receipts	8,196,242
Operating Expenses	
Personal Services	568,311
Employee Fringe Benefits	166,794
Contractual Services	6,761,488
Supplies and Materials	264,204
Total Operating Disbursements	7,760,797
Operating Income	435,445
Nonoperating Receipts (Disbursements)	
Principal Payments	(167,451)
Interest Payments	(6,696)
Other Nonoperating Receipts (Disbursements)	(519,738)
Change in Fund Cash Balance	(258,440)
Beginning Fund Cash Balance	5,094,292
Ending Fund Cash Balance	<u>\$4,835,852</u>

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

**Note 14 – Segment Information For The Electric Fund (Continued)**

<b>Condensed Cash Flows Information:</b>	2022
Net Cash Provided (Used) by:	
Operating Activities	\$435,445
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(167,451)
Interest Payments on Capital and Related Debt	(6,696)
Other Capital and Related Financing Activities	(519,738)
Net Cash Provided (Used) by Capital and Related Financing Activities	(693,885)
Net Increase (Decrease)	(258,440)
Beginning Fund Cash Balance	5,094,292
Ending Fund Cash Balance	<u>\$4,835,852</u>

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continued through 2022. During 2022, the Village received COVID-19 funding.

Also during 2022, the Village charged prior year expenditures to the American Rescue Plan Act Fund. The General Fund billed the American Rescue Plan Act Fund for these costs. The General Fund reported the reduction of \$269,233 in police compensation expenditures.

**Note 16 – Subsequent Events**

In 2023, the Village began construction of the Wellfield Development Project. Construction of the wells were completed using local funds. Part of the Wellfield Development project is the Reed Road Well Field Transmission Line Project Phase I and Phase II. The Village was awarded a \$2,071,360 Ohio EPA loan through OWDA. Phase I of the project is the installation of the raw waterline within the Versailles Village limits. A portion of this loan (\$33,644) was issued in 2023 and the remainder was issued in 2024. Brumbaugh Construction Inc. will perform the construction of phase I for a contract price of \$1,294,633, to be paid using OWDA loan. Phase II is for installation of raw waterline on Reed Road north, outside of the Village. Shinn Bros., Inc was awarded the construction of the project for a contract price of \$1,197,500. With phase II being outside of the Village, the Village is partnering with Darke County. \$500,000 CDBG grant money awarded through the county will be used towards phase II of the project. The contractor will be paid by the county with the use of the CDGB funds. The remaining balance owed will use loan money. The project will be completed in 2024. The EPA/OWDA loan has a 2.58% interest rate and a 30-year maturity date. The first payment will be scheduled for January, 2026 with payments made from the Water Fund.

In 2023, the Village was awarded a 30 year, 0.00% OPWC loan of \$249,000 and a \$249,000 grant to be used for the North Central Waterline Improvement Project. The awarded bid by Shinn Bros was a contract price of \$1,279,000. The Village received notice of CDBG grant money of \$470,000 from Darke County for the project. Work on the project began in 2024 and is expected to be completed by the end of 2024. Payments for the OPWC loan will be made from the ½% Income Tax Fund.

The Klipstine Road Improvements OPWC loan was issued in 2023 for \$240,415. The loan has a 0% interest rate and a 30-year maturity date. The Village will make semiannual installment payments of \$4,007 each beginning in 2024. Payments are expected to be made from the ½% Income Tax Fund.

**Village of Versailles  
Darke County  
Notes to the Financial Statements  
For the Year Ended December 31, 2022**

---

**Note 16 – Subsequent Events (Continued)**

In 2022, the Village was approved for a \$350,000 loan from OPWC for the purpose of purchasing an automated water meter reading system for use with the Village's existing water meters. In 2022, OPWC disbursed \$202,259 to the Village for the project. An additional amount of \$135,774 was issued on this loan in 2023. The loan has a 0.00% interest rate and a 10-year maturity date.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER

65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Village of Versailles  
Darke County  
177 North Center Street  
P.O. Box 288  
Versailles, Ohio 45380

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of Versailles, Darke County, Ohio (the Village) and have issued our report thereon dated April 25, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Villages' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 25, 2025

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2023-001**

**Material Weakness – Financial Statement Errors**

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

The following misstatements were identified and adjusted on the Village's December 31, 2023 and 2022 financial statements:

- For 2023 and 2022, the Village received funds in lieu of property tax money that was incorrectly recorded as miscellaneous revenue rather than payment in lieu of taxes revenue in the amount of \$6,500, each year, in the capital projects fund.
- For 2023, a transfer out of the special revenue fund was incorrectly recorded as a capital outlay disbursement, resulting in capital outlay disbursements being overstated and transfers out being understated in the amount of \$311,000 in the special revenue fund.
- Inside kilowatt hour tax that was receipted into the general fund was incorrectly recorded as intergovernmental revenue rather than property and other local taxes in the amounts of \$192,733 and \$200,368 for 2023 and 2022, respectively.
- For 2022, general government disbursements in the amount of \$8,066 in the capital projects fund were incorrectly reported as other financing uses.

There were also other unadjusted errors on the financial statements for 2023 and 2022 related to the Village incorrectly reporting general government disbursements as other financing uses.

The above errors occurred when posting transactions to the accounting system and when reporting financial activity on the financial statements. Failure to properly record and report financial activity could lead to material financial statement errors and users of the financial statements basing their conclusions on incorrect information.

The Village should establish and implement procedures to verify that all financial activity is properly recorded and reported.

**Officials' Response:** I understand the misstatements that were identified in the 2022 & 2023 Financial Statements. I will continue to work on implementing procedures with Village Administration to establish that entries made to the Financial Report are classified properly.

**This page intentionally left blank.**



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Material Weakness – Financial Reporting. This finding described a material financial statement error that was identified and adjusted on the Village's December 31, 2020 financial statements.	Corrected	Errors related to the December 31, 2020 financial statements were corrected; however, different errors occurred within the December 31, 2023 and 2022 financial statements, resulting in finding 2023-001.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF VERSAILLES**

**DARKE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/20/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)