



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MONROEVILLE
HURON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Monroeville, Huron County, Ohio (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 17 to the financial statements, the Village restated its beginning fund balances to reclassify two funds to more appropriately reflect the purpose of the funds. We did not modify our opinion regarding this matter.

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

As discussed in Note 21 to the financial statements, the Village has suffered recurring loses from operations and a cash fund balance deficiency in the General Fund of \$192,388. Note 21 also describes management's evaluation of the events and conditions and their plan to mitigate these matters. Our opinion is unmodified regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

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Village of Monroeville

Huron County

Combined Statement of Receipts, Disbursements, and

Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

| | General | Special Revenue | Debt Service | Capital Project | Totals (Memorandum Only) |
|---|--------------------|----------------------------|-------------------------|----------------------------|---|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$210,864 | \$21,973 | | | \$232,837 |
| Municipal Income Tax | 641,810 | | | | 641,810 |
| Intergovernmental | 73,266 | 274,044 | | \$120,096 | 467,406 |
| Special Assessments | 1,690 | | | | 1,690 |
| Charges for Services | | | \$51,187 | | 51,187 |
| Fines, Licenses and Permits | 163,621 | 35,662 | | | 199,283 |
| Earnings on Investments | 44,831 | 10,086 | | | 54,917 |
| Miscellaneous | 26,292 | 333 | | | 26,625 |
| <i>Total Cash Receipts</i> | <u>1,162,374</u> | <u>342,098</u> | <u>51,187</u> | <u>120,096</u> | <u>1,675,755</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 574,318 | 53,056 | | | 627,374 |
| Public Health Services | 1,199 | 94,926 | | | 96,125 |
| Leisure Time Activities | 22,778 | | | | 22,778 |
| Community Environment | 17,371 | | | | 17,371 |
| Transportation | 91,674 | 64,281 | | | 155,955 |
| General Government | 353,299 | | | 108,165 | 461,464 |
| Capital Outlay | 5,035 | 53,800 | | 2,176,524 | 2,235,359 |
| Debt Service: | | | | | |
| Principal Retirement | | | 58,446 | 29,697 | 88,143 |
| Interest and Fiscal Charges | | | | 71,926 | 71,926 |
| <i>Total Cash Disbursements</i> | <u>1,065,674</u> | <u>266,063</u> | <u>58,446</u> | <u>2,386,312</u> | <u>3,776,495</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>96,700</u> | <u>76,035</u> | <u>(7,259)</u> | <u>(2,266,216)</u> | <u>(2,100,740)</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Other Debt Proceeds | | | | 9,568 | 9,568 |
| Loans Issued | | | | 1,996,325 | 1,996,325 |
| Sale of Capital Assets | 200 | | | | 200 |
| Transfers In | 21,005 | | | 387,514 | 408,519 |
| Transfers Out | (527,422) | (19,755) | | (21,005) | (568,182) |
| Advances In | 751,900 | | | | 751,900 |
| Advances Out | (1,556,253) | | | | (1,556,253) |
| Other Financing Sources | 83,266 | | | | 83,266 |
| Other Financing (Uses) | | (54,960) | | | (54,960) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,227,304)</u> | <u>(74,715)</u> | | <u>2,372,402</u> | <u>1,070,383</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(1,130,604)</u> | <u>1,320</u> | <u>(7,259)</u> | <u>106,186</u> | <u>(1,030,357)</u> |
| <i>Fund Cash Balances, January 1, Restated</i> | <u>938,216</u> | <u>431,421</u> | <u>129,566</u> | <u>525,682</u> | <u>2,024,885</u> |
| <i>Fund Cash Balances, December 31</i> | <u>(\$192,388)</u> | <u>\$432,741</u> | <u>\$122,307</u> | <u>\$631,868</u> | <u>\$994,528</u> |

See accompanying notes to the financial statements

Village of Monroeville
Huron County
Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

| | Proprietary Fund Type |
|---|------------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$4,929,090 |
| Solar Field Rental | 44,858 |
| Miscellaneous | 55,951 |
| | 5,029,899 |
| <i>Total Operating Cash Receipts</i> | <i>5,029,899</i> |
| Operating Cash Disbursements | |
| Personal Services | 475,823 |
| Employee Fringe Benefits | 125,480 |
| Contractual Services | 3,812,305 |
| Supplies and Materials | 185,356 |
| | 4,598,964 |
| <i>Total Operating Cash Disbursements</i> | <i>4,598,964</i> |
| <i>Operating Income</i> | <i>430,935</i> |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 11,348 |
| Sale of Notes | 1,210,000 |
| Other Debt Proceeds | 299,673 |
| Capital Outlay | (418,351) |
| Principal Retirement | (1,734,728) |
| Interest and Other Fiscal Charges | (130,170) |
| Other Financing Uses | (20,318) |
| | (782,546) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(782,546)</i> |
| <i>Loss Before Transfers and Advances</i> | <i>(351,611)</i> |
| Transfers In | 239,219 |
| Transfers Out | (79,556) |
| Advances In | 804,353 |
| | 612,405 |
| <i>Net Change in Fund Cash Balances</i> | <i>612,405</i> |
| <i>Fund Cash Balances, January 1, Restated</i> | <i>3,562,776</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$4,175,181</i> |

See accompanying notes to the financial statements

Village of Monroeville
Huron County
Statement of Additions, Deductions, and
Change in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

| | Fiduciary Fund Type |
|--|----------------------------|
| | Custodial |
| | Other Custodial |
| Additions | |
| Intergovernmental | \$24,192 |
| Deductions | |
| Other Distributions | 19,993 |
| <i>Net Change in Fund Cash Balance</i> | 4,199 |
| <i>Fund Cash Balance, January 1</i> | |
| <i>Fund Cash Balance, December 31</i> | \$4,199 |

See accompanying notes to the financial statements

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Monroeville, Huron County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water, sewer, and electrical utilities, park operations, road maintenance, and police services. The Village contracts with the Huron County Sheriff's department to provide 911 emergency dispatch services for security of persons and property.

Public Entity Risk Pools, Joint Ventures, and Jointly Governed Organization

The Village participates in two public entity risk pools, several joint ventures, and a jointly governed organization. Notes 7, 11, and 13 to the financial statements provide additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

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 the proprietary fund type, and a statement of additions, deductions and change in fund balance (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

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

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

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

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

Cares Act Fund The Cares Act Fund receives CARES Act funding to be used for eligible expenses.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Sanitary Sewer Fund The Sanitary Sewer Fund accounts for the accumulation of user charges committed for the repayment of a portion of the Ohio Water Development Authority WWTP Improvement Loan.

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

Municipal Building Fund The Municipal Building Fund accounts for the accumulation of monies set aside for and loan proceeds related to the construction of a new Village municipal building.

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

Electric Operating Fund The Electric Operating Fund accounts for the provision of electric service to residential and commercial users. The fund receives charges for services from residents, non-residents, and commercial users to cover electric service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The Village did not have any trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for money received from the Huron County Engineer's Office (the County) for the County's portion of a shared Ohio Public Works Commission project.

Basis of Accounting

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

Budgetary Process

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

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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*.

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 15.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,863,550 | \$2,018,745 | (\$844,805) |
| Special Revenue | 600,668 | 342,098 | (258,570) |
| Debt Service | 52,000 | 51,187 | (813) |
| Capital Projects | 2,610,838 | 2,513,503 | (97,335) |
| Enterprise | 9,696,598 | 7,594,492 | (2,102,106) |
| Total | \$15,823,654 | \$12,520,025 | (\$3,303,629) |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,319,825 | \$3,149,349 | \$170,476 |
| Special Revenue | 603,150 | 340,778 | 262,372 |
| Debt Service | 58,450 | 58,446 | 4 |
| Capital Projects | 2,779,295 | 2,407,317 | 371,978 |
| Enterprise | 9,508,857 | 6,982,087 | 2,526,770 |
| Total | \$16,269,577 | \$12,937,977 | \$3,331,600 |

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 investments accounts are as follows:

| | 2020 |
|-------------------------------------|-------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$1,524,118 |
| Certificates of deposit | 2,941,632 |
| Total deposits | 4,465,750 |
| STAR Ohio | 708,158 |
| Total deposits and investments | \$5,173,908 |

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, 2020, the village is holding \$11,798 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Income Taxes

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

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

Note 6 - Interfund Balances

Outstanding advances at December 31, 2020 consisted of \$11,360 advanced from the General Fund to the Rt. 20 Waterline Fund to provide working capital for a waterline project; \$703,367 advanced from the General Fund to the Broad Street Sanitary Sewer Replacement Fund to provide working capital for a sewer line replacement project; and \$89,626 advanced from the General Fund to the Water Meter Replacement Fund for the purchase of radio read water meters.

Note 7 - Risk Management

Risk Pool Membership - Property and Liability

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| | |
|-----------------|----------------------|
| Assets | \$ 18,826,974 |
| Liabilities | <u>(13,530,267)</u> |
| Members' Equity | <u>\$ 5,296,707</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Risk Pool Membership - Health Insurance

The Village contracts with the Ohio Valley Public Employees Joint Self-Insurance Cooperative, which is a sub-pool of Jefferson Health Plan, to provide medical and prescription drug coverage.

The Ohio Valley Public Employees Joint Self-Insurance Cooperative (OV-InsCo-op) organized pursuant to Ohio Rev. Code Section 9.833 was established for the public purpose of enabling its members to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool.

Each member of OV-InsCo-op is obligated to pay a fee based on an estimate of the member's share of OV-InsCo-op costs for the year. Included in this estimate are claims by eligible employees, which are payable by each member, the member's share of the medical, prescription, vision and dental premiums, and their proportionate share of the administrative costs of OV-InsCo-op. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

Members are required to provide six months' notice of withdrawal from OV-InsCo-op for the termination, allowing OV-InsCo-op time to determine any withdrawal balance owed to or by the departing employer. Any outstanding reserve balances are held by OV-InsCo-op for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of claims incurred prior to the termination of membership so that any reserves could be released sooner. Employers found to be in a deficit position wishing to leave OV-InsCo-op will be required to repay the deficit in full within 90 days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

OV-InsCo-op reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

| | <u>2020</u> |
|-----------------------|-------------|
| Other receivables | \$97,761 |
| Actuarial liabilities | \$84,000 |

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

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 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several of the Village Council members 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, 2020.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 - Debt

Debt outstanding at December 31, 2020 was as follows:

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| | <u>Principal</u> | <u>Interest Rate</u> |
|--|--------------------|----------------------|
| Ohio Water Development Authority | | |
| Water Line Replacement Loan #2053 | \$25,520 | 5.66% |
| Sewer Line Replacement Loan #2054 | 28,699 | 5.66% |
| WWTP Improvements Loan #2159 | 93,440 | 5.77% |
| Sandusky St Sewer/CSO Reg Removal Loan #4524 | 106,333 | 0.00% |
| Elevated Storage Tank Rehab Loan #5949 | 167,356 | 2.00% |
| WWTP Improvements Loan #6229 | 2,353,133 | 0.00% |
| Monroe St Sanitary Sewer Line Replacement Loan #7117 | 1,058,150 | 3.19% |
| Emergency Interconnect Loan #8313 | 95,979 | 0.00% |
| Broad Street Sanitary Sewer Improvements Loan #9075 | 298,388 | 0.50% |
| Water Meter Replacement Loan #9076 | 826 | 0.50% |
| Route 20 Waterline Replacement Loan #9098 | 459 | 0.00% |
| Ohio Public Works Commission | | |
| WWTP Improvement Loan #CT23O | 280,247 | 0.00% |
| North Street Embankment Repair Loan #CT23P | 43,757 | 0.00% |
| North Street Reconstruction Loan #CI48Q | 69,250 | 0.00% |
| River Road / Milan Street Resurfacing Loan #CI59W | 9,568 | 0.00% |
| American Municipal Power - Electrical System Improvement BAN | 1,210,000 | 3.00% |
| G.O. Water System Refunding Bonds, Series 2016 | 1,365,000 | 3.25% |
| Omega JV5 Loan | 73,224 | Various |
| Building Loan | 2,290,140 | 5.19% |
| Police Cruiser Loan | 31,356 | 3.89% |
| Total | <u>\$9,600,825</u> | |

The Ohio Water Development Authority (OWDA) loans relate to water and sewer line replacements, wastewater treatment plant rehabilitation and improvements, CSO regulator removal, storage tank rehabilitation projects, an emergency interconnect project, and a water meter replacement project. All OWDA loans are collateralized by water and sewer user fees and are repaid in semiannual installments. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Water Meter Replacement and Route 20 Waterline Replacement projects were not completed as of December 31, 2020 and the amortization schedules are currently not available. Therefore, the loan amortizations are not included in the schedule below.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Public Works Commission (OPWC) loans relate to wastewater treatment plant improvements, a North Street embankment repair project, a North Street reconstruction project and River Road / Milan Street Resurfacing project. The loans are interest free and will be repaid through semiannual installments through year 2043. The River Road / Milan Street Resurfacing project was not completed as of December 31, 2020 and the amortization schedule is currently not available. Therefore, the loan amortization is not included in the schedule below.

The G.O. Water System Refunding, Series 2016 bonds were issued to refinance the Mortgage Revenue Bonds, which were related to the acquisition and construction improvements to the Village's water treatment plant, water storage facilities and water distribution and supply system. The bonds are scheduled to be repaid in semiannual installments over 25 years.

The American Municipal Power - Electric System Improvement BAN (AMP) relates to the final electrical distribution line upgrade and improvements to the Village's substation equipment. Principal payments are established annually by a motion and majority vote of Village Council.

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

The building loan relates to a loan obtained for the construction of a municipal complex completed during 2020. The amortization schedule for the repayment of the building loan is currently not available. Therefore, the loan amortization is not included in the schedule below.

The police cruiser loan relates to a loan obtained for the purchase of the police cruiser. The loan will be repaid through monthly payments of \$1,216, including interest, through 2023.

Amortization

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

| Year Ending December 31: | OWDA Loans | OPWC Loans | General Obligation Bonds | AMP BAN | Police Cruiser Loan |
|-----------------------------|--------------------|------------------|--------------------------------|--------------------|---------------------------|
| 2021 | \$356,100 | \$20,902 | \$89,363 | \$1,246,300 | \$14,586 |
| 2022 | 384,358 | 20,902 | 92,900 | | 14,586 |
| 2023 | 385,067 | 20,902 | 91,275 | | 3,647 |
| 2024 | 365,632 | 20,902 | 89,650 | | |
| 2025 | 339,478 | 20,902 | 93,025 | | |
| 2026-2030 | 1,610,389 | 104,512 | 452,827 | | |
| 2031-2035 | 1,170,604 | 90,814 | 452,452 | | |
| 2036-2040 | 602,766 | 62,277 | 453,463 | | |
| 2041-2045 | 336,304 | 31,141 | 87,763 | | |
| Total | <u>\$5,550,698</u> | <u>\$393,254</u> | <u>\$1,902,718</u> | <u>\$1,246,300</u> | <u>\$32,819</u> |

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 - Joint Ventures

OMEGA JV2 (36 Members): OMEGA JV2 owns 138.65 MW of distributed generation, consisting of two 32 MW gas-fired turbines, one 11 MW gas-fired turbine and thirty-four 1.825 MW diesel generators. AMP is responsible for the operation of the JV2 Project. As of December 31, 2020, \$1,876,617 principal amount of JV2 Obligations was outstanding and held on the Line of Credit. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 2020, Village has met its debt coverage obligation. Complete financial statements for OMEGA JV2 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV5 (42 Members): In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Parkersburg, West Virginia, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of December 31, 2020, \$40,112,110 of the 2001 Belleville Beneficial Interest Certificates ("*2001 BICs*") with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (*the "JV5 Note"*). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (*the "2016 BICs"*) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. As of December 31, 2020, \$13,515,000 aggregate principal amount of the 2016 BICs was outstanding. The 2001 BICs and 2016 BICs are non-recourse to AMP. 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 2020, Village has met its debt coverage obligation. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV6 (10 Members): OMEGA JV6 owns four 1.8 MW wind turbines located in Bowling Green, Ohio. AMP is responsible for the operation of the N6 assets. OMEGA JV6 has no debt outstanding. Complete financial statements for OMEGA JV6 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 - Electric Operating Fund AMP Projects Participation

Prairie State Energy Campus (68 Members): 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, 2020, AMP had \$1,470,255,000 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.

AMP Fremont Energy Center (86 Members). On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation ("*FirstEnergy*") the Fremont Energy Center ("*AFEC*"), a combined cycle, natural gas fueled electric generating plant, then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. AFEC has a capacity of 512 MW (unfired)/675 MW (fired) and consists of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser.

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to the 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, 2020, \$478,965,000 aggregate principal amount of AFEC Bonds was outstanding.

Village of Monroeville
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Notes to the Financial Statements
For the Year Ended December 31, 2020

Combined Hydroelectric Projects (79 Members). AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

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, 2020, \$2,140,742,059 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$33.8 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

Meldahl Hydroelectric Project (48 Members). 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, 2020, \$665,630,000 aggregate principal amount of the Meldahl Bonds and approximately \$2.3 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were 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.

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 the conclusion of discovery in April 2021, but no trial date has been set.

Greenup Hydroelectric Project (47 Members). 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, 2020, \$122,350,000 aggregate principal amount of the 2016 Greenup Bonds were outstanding under the indenture securing the 2016 Greenup Bonds and \$552,980 aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit were outstanding under the indenture securing the Greenup Bonds.

Napoleon Solar Project (3 Members). AMP owns the Napoleon Solar Project, a 3.54 MW solar installation, located in Napoleon, Ohio. The Napoleon Solar Project entered commercial operation in August 2012. The output of the Napoleon Solar Project is sold pursuant to the terms of a take-or-pay power sales contract with three of AMP's Members. The cost of the Napoleon Solar Project was financed with the proceeds of a draw on the Line of Credit. As of December 31, 2020, \$4,118,718 on AMP's Line of Credit was allocable to the financing or refinancing of costs related to the Napoleon Solar Project.

Solar Electricity Prepayment Project (22 Members). In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a "System"), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. AMP has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of \$80,675,000 to provide financing for the project. As of December 31, 2020, approximately \$79,420,000 of Bonds and an additional \$7.09 million aggregate principal amount of subordinate obligations on AMP's Line of Credit was outstanding.

AMPGS (81 Members). Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("*Bechtel*"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate. As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS ("*AMPGS Participants*") voted to cease development of AMPGS as a coal fired project.

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Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

As of December 31, 2020, \$10,791,225 on AMP's Line of Credit was allocable to the stranded costs recoverable from the AMPGS Participants and \$37,191,145 on AMP's Line of Credit was allocable to plant held for future use.

Note 13 - Jointly Governed Organization

Huron River Joint Fire District

The Village is a member of Huron River Joint Fire District (the District). A four-member Board of Trustees governs the District, with each member of the District appointing on board member. The member subdivisions are the Village of Monroeville, Peru Township, Ridgefield Township, and Sherman Township, all of which are located in Huron County. The District provides fire protection and rescue services within the District and by contract to areas outside of the District. Financial information can be obtained by contacting the District Fiscal Officer at 155 Monroe Street, Monroeville, Ohio 44847.

Note 14 - AMP Revenue Coverage

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

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Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| | 2020 |
|---|-------------|
| Total Fund Cash Balance | \$1,797,908 |
| Total Long-Term Debt | 1,283,224 |
| Condensed Operating Information: | |
| Operating Receipts | |
| Charges for Services | \$3,927,318 |
| Other Operating Receipts | 36,960 |
| Total Operating Receipts | 3,964,278 |
| Operating Expenses | |
| Personal Services | 187,434 |
| Employee Fringe Benefits | 36,310 |
| Contractual Services | 3,551,471 |
| Supplies and Materials | 71,901 |
| Total Operating Expenses | 3,847,116 |
| Operating Income | 117,162 |
| Nonoperating Receipts (Disbursements) | |
| Property and Other Local Taxes | 11,348 |
| Sale of Notes | 1,210,000 |
| Capital Outlay | (49,309) |
| Principal Payments | (1,451,895) |
| Interest Payments | (26,564) |
| Other Financing Uses | (11,348) |
| Transfers | 125,477 |
| Change in Fund Cash Balance | (75,129) |
| Beginning Fund Cash Balance | 1,873,037 |
| Ending Fund Cash Balance | \$1,797,908 |

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| Condensed Cash Flows Information: | 2020 | |
|---|--------------------|--|
| Net Cash Provided by: | | |
| Operating Activities | \$117,162 | |
| | | |
| Noncapital Financing Activities | | |
| Other Noncapital Financing Activities | 125,477 | |
| Net Cash Provided by Noncapital Financing Activities | 125,477 | |
| | | |
| Capital and Related Financing Activities | | |
| Proceeds of Capital and Related Debt | 1,210,000 | |
| Principal Payments on Capital and Related Debt | (1,451,895) | |
| Interest Payments on Capital and Related Debt | (26,564) | |
| Other Capital and Related Financing Activities | (49,309) | |
| Net Cash Used by Capital and Related Financing Activities | (317,768) | |
| | | |
| Net Decrease | (75,129) | |
| Beginning Fund Cash Balance | 1,873,037 | |
| Ending Fund Cash Balance | <u>\$1,797,908</u> | |

Note 15 - Fund Balances

The fund balance of Special Revenue funds is restricted. The fund balance of Debt Service funds and Capital Projects fund are restricted or committed.

Note 16 - Subsequent Events

The Village incurred three new OWDA loans for the projects that were started in 2020 but remained unfinished as of December 31, 2020 for the total amount of \$1,177,122.

On April 13, 2021 in the AMP Ohio BAN rolled over in the amount of \$1,090,000 with a 1% interest rate.

Note 17 - Fund Reclassifications

Beginning in 2020 the North Street OPWC Fund previously classified as a Capital Project Fund and the Sanitary Sewer Rehab Fund previously classified as an Enterprise Fund were reclassified to Debt Service funds as the Village deemed this classification more appropriate based on the purpose of the funds. These changes in fund classifications had the following effect on fund balances previously reported for the year ended December 31, 2019:

Village of Monroeville
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

| | Debt | Capital | |
|---|-------------------|-------------------|---------------------|
| | Service | Project | Enterprise |
| Fund balance December 31, 2019 | | \$ 647,134 | \$ 3,570,890 |
| Fund reclassification | \$ 129,566 | (121,452) | (8,114) |
| Restated fund balance December 31, 2019 | <u>\$ 129,566</u> | <u>\$ 525,682</u> | <u>\$ 3,562,776</u> |
| | | | |

Note 18 - Change in Accounting Principles

For 2020, the Village has made changes to its cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Note 19 - COVID-19

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

During 2020, the Village received CARES Act funding. Of the amounts received, \$40,000 was sub-granted to other organizations in the form of small business grants and \$53,700 was returned to the granting agency. These amount are reflected as public health services and other financing (uses) expenditures, respectively, in the Cares Act Special Revenue Fund on the accompanying financial statements.

Note 20 - Compliance

Contrary to Ohio Rev. Code 5705.10(I) the Village's General Fund has a cash deficit fund balance of \$192,388 at December 31, 2020.

Note 21 - Management's Plan Regarding Deficit

For the fiscal year ended the Village has a cash deficit balance in the General Fund at December 31, 2020 of \$192,388. This deficit balance as the result of advances made from the General Fund but not yet repaid in the amount of \$804,353 as of December 31, 2020. The advances are expected to be repaid in full. As of November 22, 2021 the General Fund balance is \$585,723.

Note 22 - Contingent Liabilities

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

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Monroeville, Huron County, Ohio (the Village) and have issued our report thereon dated December 10, 2021, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We also noted the Village restated its beginning fund balances to reclassify two funds to more appropriately reflect the purpose of the funds. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village, and the Village has suffered recurring losses from operations and has a fund balance deficiency in the General Fund.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

Village's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

VILLAGE OF MONROEVILLE
HURON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

Material Weakness - Financial Reporting

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

The following errors requiring adjustment to the financial statements and notes to the financial statements were identified:

- Capital Project Fund Type and Debt Service Fund Type activity was omitted from the annual report's Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types filed in the Hinkle System. January 1 fund cash balances, receipts, disbursements, other financing sources and (uses), and December 31 fund cash balances have been updated to reflect actual 2020 activity. Adjustment amounts ranged from \$8,114 to \$2,067,865;
- Ohio Public Works Commission (OPWC) activity was incorrectly accounted for in the OPWC Milan-River Special Revenue Fund. Intergovernmental cash receipts, issuance of OPWC loans receipts, and capital outlay expenditures in the amounts of \$120,096, \$9,568, and \$129,664, respectively, have been adjusted to account for this activity in the Capital Project Fund Type in accordance with Auditor of State Bulletin 2002-004. Corresponding amounts were also updated in the Budgetary Activity note for budgeted receipts, actual receipts, appropriation authority, and budgetary expenditures; and
- Special Revenue Fund Type actual receipts and budgetary expenditures were reduced in the amounts of \$236,798 and \$236,800, respectively, in order to bring amounts reported in the Budgetary Activity note to the financial statements in line with actual amounts.

These errors were not identified and corrected prior to the Village preparing its financial statements and notes to the financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$9,993 to \$515,100 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Village Council. The Fiscal Officer can refer to the Village Officer's Handbook at the following website address for guidance on the recording of transactions:

<http://www.ohioauditor.gov/publications/Village%20Officers%20Manual.pdf>

**FINDING NUMBER 2020-001
(Continued)**

Officials' Response:

Please be advised that errors in the Schedule of Findings were due to oversight in the accounting for on-behalf-of OPWC activity and inadvertent errors and omissions went compiling the Village's annual financial statements and notes. The Fiscal Officer and staff will work to ensure errors are corrected in 2021 and subsequent years.

FINDING NUMBER 2020-002

Noncompliance Citation

Ohio Rev. Code § 5705.10(I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The General Fund had a deficit fund balance of \$192,388 at December 31, 2020. Negative fund balances could result in the use of restricted receipts for unallowable purposes. Procedures and controls, such as the management and/or Village Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

Officials' Response:

Please be advised that errors in the Schedule of Findings were due to oversight in the accounting for on-behalf-of OPWC activity and inadvertent errors and omissions went compiling the Village's annual financial statements and notes. The Fiscal Officer and staff will work to ensure errors are corrected in 2021 and subsequent years.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2020**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|--|--|
| 2019-001 | Material weakness for errors in financial reporting initially reported as Finding 2016-001. | Not corrected and reissued as Finding 2020-001 in this report. | This matter was not corrected due to oversight in the accounting for on-behalf-of OPWC activity and inadvertent errors and omissions went compiling the Village's annual financial statements and notes. The Fiscal Officer and staff will work to ensure errors are corrected in 2021 and subsequent years. |
| 2019-002 | Ohio Rev. Code § 5705.39 for appropriations exceeding certified resources. | Fully corrected. | |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MONROEVILLE

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/28/2021

88 East Broad 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