

**VILLAGE OF CAREY  
WYANDOT COUNTY, OHIO**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**





# Dave Yost • Auditor of State

Village Council  
Village of Carey  
127 North Vance Street  
Carey, Ohio 43316

We have reviewed the *Independent Auditors' Report* of the Village of Carey, Wyandot County, prepared by Maloney + Novotny LLC, for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Carey is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 2, 2014

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VILLAGE OF CAREY  
WYANDOT COUNTY, OHIO

CONTENTS

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	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-12
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Cash Basis	13
Statement of Activities – Cash Basis	14
FUND FINANCIAL STATEMENTS	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	15
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds	16
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – (Budget Basis) - General Fund	17
Statement of Fund Net Position – Cash Basis - Proprietary Funds	18
Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis – Proprietary Funds	19
NOTES TO THE FINANCIAL STATEMENTS	20-37
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	38-39
SCHEDULE OF FINDINGS	40
SCHEDULE OF PRIOR AUDIT FINDINGS	41

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Donald J. Wolf, CPA  
William D. Rogers, CPA  
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## Independent Auditors' Report

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316

To the Village Council:

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio (the Village), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash basis of accounting Note 2 describes. This responsibility includes determining that the cash basis of accounting is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### AUDITORS' 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 of 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 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.

Business Advisors and Certified Public Accountants  
Cleveland | Canton | Columbus | Delaware | Elyria

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

## OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio, as of December 31, 2013, and the respective changes in cash financial position, and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

## ACCOUNTING BASIS

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

## EMPHASIS OF MATTER

As discussed in Note 3 to the financial statements, during 2013, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Responsibility: Omnibus an amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. We did not modify our opinion regarding this matter.

## OTHER MATTERS

### Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion and Analysis* on pages 4 through 12 includes tables of net position, changes in net position and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements. These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



## OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2014, 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 in the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Meloney + Novotny LLC". The signature is written in a cursive, flowing style.

Delaware, Ohio  
September 9, 2014

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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This discussion and analysis of Village of Carey's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Key highlights for 2013 are as follows:

- In total, net position increased \$328,306. Net position of governmental activities decreased \$34,030, which represents a 2 percent decrease from 2012. Net position of business-type activities increased \$362,336 or 5 percent from 2012.
- The Village's general receipts accounted for \$1,882,209 in revenue or 21 percent of all revenues. Program specific revenues in the form of charges of services and sales and grants accounted for \$6,954,028 or 79 percent of total revenues of \$8,836,237.
- Total program expenses were \$8,507,931; \$1,710,867 in governmental activities and \$6,797,064 in business-type activities.
- Outstanding debt decreased from \$2,332,408 to \$2,058,792 through payment of debt.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balance or most activity in separate columns. In the case of the Village of Carey, the General Fund is the most significant fund. The Sewer and Electric Funds are the most significant enterprise funds.

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

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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**Basis of Accounting**

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

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

**Reporting the Village as a Whole**

*Statement of Net Position and the Statement of Activities*

*The Statement of Net Position and the Statement of Activities* reflect how the Government did financially during 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

Governmental Activities – The Village's basic services are reported here, including general government, security of persons and property, community environment, leisure time activities and transportation. State and federal grants and income and property taxes finance most of

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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**Reporting the Village as a Whole, continued**

*Statement of Net Position and the Statement of Activities, continued*

these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-Type Activities – These services are provided on a charge for goods or services to recover all of the expenses of goods or services provided. The Village's water, sewer and electric funds are reported as business-type activities.

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

*Fund Financial Statements*

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

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

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

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on a cash basis:

	(Table 1) Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Cash and cash equivalents	\$ <u>1,366,720</u>	<u>1,400,750</u>	<u>7,467,221</u>	<u>7,104,885</u>	<u>8,833,941</u>	<u>8,505,635</u>
<b>Net Position</b>						
Restricted	\$ 524,196	542,676	-	-	524,196	542,676
Unrestricted	<u>842,524</u>	<u>858,074</u>	<u>7,467,221</u>	<u>7,104,885</u>	<u>8,309,745</u>	<u>7,962,959</u>
Total net position	\$ <u>1,366,720</u>	<u>1,400,750</u>	<u>7,467,221</u>	<u>7,104,885</u>	<u>8,833,941</u>	<u>8,505,635</u>

In 2013, total net position increased \$328,306. The primary reason contributing to this increase is a result of a reduction of costs in the Enterprise Funds.

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities, business-type activities and total primary government.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

**The Village as a Whole, continued**

(Table 2)  
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Receipts</b>						
<i>Program Receipts</i>						
Charges for services and sales	\$ 97,552	\$ 98,534	\$ 6,584,987	\$ 6,588,521	\$ 6,682,539	\$ 6,687,055
Operating grants, contributions and interest	<u>221,080</u>	<u>208,731</u>	<u>50,409</u>	<u>344</u>	<u>271,489</u>	<u>209,075</u>
Total program receipts	<u>318,632</u>	<u>307,265</u>	<u>6,635,396</u>	<u>6,588,865</u>	<u>6,954,028</u>	<u>6,896,130</u>
<i>General Receipts</i>						
Property taxes	84,270	78,357	-	-	84,270	78,357
Income taxes	775,781	762,279	524,004	523,895	1,299,785	1,286,174
Other local taxes	298,032	284,541	-	-	298,032	284,541
Grants and entitlements	82,668	90,732	-	-	82,668	90,732
Investment earnings	42,477	51,688	-	-	42,477	51,688
Miscellaneous	<u>74,977</u>	<u>75,392</u>	<u>-</u>	<u>-</u>	<u>74,977</u>	<u>75,392</u>
Total general receipts	<u>1,358,205</u>	<u>1,342,989</u>	<u>524,004</u>	<u>523,895</u>	<u>1,882,209</u>	<u>1,866,884</u>
Total receipts	<u>1,676,837</u>	<u>1,650,254</u>	<u>7,159,400</u>	<u>7,112,760</u>	<u>8,836,237</u>	<u>8,763,014</u>
<b>Disbursements</b>						
General government	276,493	233,852	-	-	276,493	233,852
Security of persons and property	962,997	829,764	-	-	962,997	829,764
Public health	19,328	31,016	-	-	19,328	31,016
Leisure time activities	62,276	52,914	-	-	62,276	52,914
Community and economic development	6,800	5,784	-	-	6,800	5,784
Basic utilities	3,035	1,831	-	-	3,035	1,831
Transportation	210,274	229,210	-	-	210,274	229,210
Capital outlay	103,683	161,816	-	-	103,683	161,816
Principal retirement	55,000	50,000	-	-	55,000	50,000
Interest and fiscal charges	10,981	12,856	-	-	10,981	12,856
Electric	-	-	5,642,015	5,257,378	5,642,015	5,257,378
Recycling	-	-	60	-	60	-
Sewer	-	-	639,330	791,678	639,330	791,678
Storm water utility	-	-	81,977	76,203	81,977	76,203
Utility deposit	-	-	23,057	21,007	23,057	21,007
Water	-	-	410,625	466,875	410,625	466,875
Total disbursements	<u>1,710,867</u>	<u>1,609,043</u>	<u>6,797,064</u>	<u>6,613,141</u>	<u>8,507,931</u>	<u>8,222,184</u>
Change in net position	\$ <u>(34,030)</u>	\$ <u>41,211</u>	\$ <u>362,336</u>	\$ <u>499,619</u>	\$ <u>328,306</u>	\$ <u>540,830</u>

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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**Governmental Activities**

Program receipts represent only 19 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to nearby governments for police services provided under contract.

General receipts represent 81 percent of the Village's total receipts, and of this amount, 85 percent are taxes. State and federal grants and entitlements make up 6 percent of the Village's general receipts. Other receipts such as investments earnings make up a small percentage (9 percent) of general receipts.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Government Activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, the Village tries to limit these costs to 15 percent of General Fund unrestricted receipts.

Security of persons and property are the costs of police and fire protection which represents the largest expense of Government Activities. The expense of \$909,369 represents 54 percent of the total expenses. Public health services is the health department and leisure time activities are the costs of maintaining the parks and playing fields. These areas had expenses of \$81,604 in 2013 equaling 5 percent of the total government service expenses.

**Business-type Activities**

Business-type activities include water, sewer and electric operations. The revenues are generated primarily from charges for services. In 2013, charges for services of \$6,584,987 accounted for 92 percent of the business-type revenues. The total expenses for the utilities were \$6,797,064. The Village had an increase in net position of \$362,336 for the business-type activities.

**The Village's Funds**

Information about the Village's governmental funds begins on page 13. Total governmental funds had receipts of \$1,658,247, exclusive of other financing sources and disbursements of \$1,710,867, exclusive of other financial uses. The fund balance of the General Fund increased \$6,834 year end 2013. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 18. All business-type funds had operating revenues of \$6,584,987 which were more than operating expenses of \$6,525,426 by \$59,561 or 1 percent of operating revenues.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

**General Fund Budgeting Highlights**

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

During 2013, the Village amended its General Fund budget twice to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$102,475, excluding other financing sources. This change was mainly due to an increase in income tax revenue.

Final disbursements (exclusive of other financing sources) were budgeted at \$1,606,688 while actual disbursements on page 17 were \$1,328,141. The fund balance increased \$6,834 for 2013.

**Capital Assets and Debt Administration**

*Capital Assets*

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

*Debt*

At December 31, 2013, the Village's outstanding debt was \$2,058,792. Table 3 summarizes outstanding debt.

(Table 3)  
**Outstanding Debt at December 31**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 230,000	285,000	-	-	230,000	285,000
OPWC loan	-	-	229,679	277,985	229,679	277,985
OWDA loan	-	-	1,599,113	1,769,423	1,599,113	1,769,423
Total	\$ <u>230,000</u>	<u>285,000</u>	<u>1,828,792</u>	<u>2,047,408</u>	<u>2,058,792</u>	<u>2,332,408</u>



VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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**Capital Assets and Debt Administration, continued**

*Debt, continued*

During 2007, the Village issued \$525,000 of general obligation bonds to construct a new firehouse.

In prior years the Village entered into loan agreements with Ohio Water Development Authority (OWDA) for a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency.

During 2005, the Village entered into a loan agreement with OWDA in the amount of \$2,240,415. The proceeds of this loan are being used for a waterline extension project.

During 2000, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for a sanitary sewer overflow elimination project.

During 2010, the Village entered into a loan agreement with OWDA in the amount of \$107,311. The proceeds of this loan are being used for a storm sewer project.

Additional information concerning the Village's debt can be found in Note 11 to the basic financial statements.

**Current Issues**

In 2013 income taxes remained nearly flat with respect to prior year, up only about 1% over 2012 revenues.

Capital projects were again limited until Enterprise Funds could be examined and revenue proposals implemented. The use of Overtime was also limited with the help of Department Supervisors during 2013, increased Comp Time and/or flex hours are being used most of the time.

In late November 2013 the elected Clerk-Treasurer retired due to Ohio PERS changes and to protect earned benefits. Village Council opted to eliminate the elected position of Clerk-Treasurer and create the newly appointed position of Fiscal Officer/Clerk of Council. The former Payroll Account Clerk was appointed to the position as of December 2013.

Capital purchases included installation of a new phone system covering all departments, various mowing equipment, major facelifts to the park shelter houses, swimming pool offices and bathhouse.

There was no new debt incurred, but the 3<sup>rd</sup> of 5 payments were made on the TerraStar Plow Truck for Public Works (5 year lease purchase agreement).

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2013

Unaudited

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**Current Issues, continued**

The first phase of the Spring Run Improvement Project was unsuccessful at District 16 of the Ohio Public Works Commission (OPWC). However, we reapplied to Small Government commission for both a grant and low interest loan. In 2014, OPWC awarded the Village a \$235,000 grant and a \$167,000 no-interest loan towards the project.

We did contract for the job of clearing brush along Spring Run through approximately half of the Village. Doing so generated a large quantity of brush and tree limbs which reduced the time before we ground up the pile at the Yard Waste Transfer Station.

The existing contracts for the proposed 2 megawatt solar field were terminated due to a lack of financing. An alternative vendor made their presentation to council and already have their financing in place. This \$8M project will probably be a 2014 project.

The Village received 4 ½ inches of rain in mid-December which triggered localized flooding on West South Street and South Vance Street.

The Village bought out Crawford Twp. interest in the Fire Department through a contractual agreement. They will be credited \$17,500/year toward their equipment and building interest and also pay a fee of \$6,500/year toward on-going operations.

Enterprise Accounts came under the microscope in 2013. Cost of Service analysis showed the Kilowatt Hour Tax transfer to the General Fund to be putting a strain on the Electric Fund. Review of the Water Fund revenues also showed the need for a substantial increase at 20%/year for 4 years.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Fletcher, Fiscal Officer, Village of Carey, 127 N. Vance Street, Carey, Ohio 43316, telephone 419-396-7681 or email [vocclerk@udata.com](mailto:vocclerk@udata.com)

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

STATEMENT OF NET POSITION – CASH BASIS

December 31, 2013

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ <u>1,366,720</u>	\$ <u>7,467,221</u>	\$ <u>8,833,941</u>
<b>NET POSITION</b>			
Capital projects	\$ 56,188	\$ -	\$ 56,188
Other purposes	621,307	-	621,307
Unrestricted	<u>689,225</u>	<u>7,467,221</u>	<u>8,156,446</u>
Total net position	\$ <u>1,366,720</u>	\$ <u>7,467,221</u>	\$ <u>8,833,941</u>

See accompanying notes to the basic financial statements

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

STATEMENT OF ACTIVITIES – CASH BASIS

Year Ended December 31, 2013

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 276,493	\$ 16,393	\$ -	\$ (260,100)	\$ -	\$ (260,100)
Security of persons and property	962,997	26,208	10,826	(925,963)	-	(925,963)
Public health	19,328	31,987	-	12,659	-	12,659
Leisure time activities	62,276	20,864	950	(40,462)	-	(40,462)
Community and economic development	6,800	2,100	-	(4,700)	-	(4,700)
Basic utility services	3,035	-	-	(3,035)	-	(3,035)
Transportation	210,274	-	209,304	(970)	-	(970)
Capital outlay	103,683	-	-	(103,683)	-	(103,683)
Debt service:						
Principal retirement	55,000	-	-	(55,000)	-	(55,000)
Interest and fiscal charges	10,981	-	-	(10,981)	-	(10,981)
Total governmental activities	<u>1,710,867</u>	<u>97,552</u>	<u>221,080</u>	<u>(1,392,235)</u>	<u>-</u>	<u>(1,392,235)</u>
<b>BUSINESS TYPE-ACTIVITIES</b>						
Electric	5,642,015	5,542,123	3,814	-	(96,078)	(96,078)
Recycling	60	37,937	11,973	-	49,850	49,850
Sewer	639,330	440,382	3,364	-	(195,584)	(195,584)
Storm water utility	81,977	198,990	11,804	-	128,817	128,817
Utility deposit	23,057	30,869	-	-	7,812	7,812
Water	<u>410,625</u>	<u>334,686</u>	<u>19,454</u>	<u>-</u>	<u>(56,485)</u>	<u>(56,485)</u>
Total business-type activities	<u>6,797,064</u>	<u>6,584,987</u>	<u>50,409</u>	<u>-</u>	<u>(161,668)</u>	<u>(161,668)</u>
Total – primary government	\$ <u>8,507,931</u>	\$ <u>6,682,539</u>	\$ <u>271,489</u>	\$ <u>(1,392,235)</u>	\$ <u>(161,668)</u>	\$ <u>(1,553,903)</u>
<b>GENERAL RECEIPTS</b>						
Property taxes levied for general purposes				84,270	-	84,270
Income taxes				775,781	524,004	1,299,785
Other local taxes				298,032	-	298,032
Grants and entitlements not restricted to specific programs				82,668	-	82,668
Sales of assets				18,590	-	18,590
Investment earnings				42,477	-	42,477
Miscellaneous				<u>56,387</u>	<u>-</u>	<u>56,387</u>
Total general receipts				<u>1,358,205</u>	<u>524,004</u>	<u>1,882,209</u>
Change in Net Position				(34,030)	362,336	328,306
Net Position Beginning of Year				<u>1,400,750</u>	<u>7,104,885</u>	<u>8,505,635</u>
Net Position End of Year				\$ <u>1,366,720</u>	\$ <u>7,467,221</u>	\$ <u>8,833,941</u>

See accompanying notes to the basic financial statements

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO  
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS

December 31, 2013

	General	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ <u>689,225</u>	\$ <u>677,495</u>	\$ <u>1,366,720</u>
Total assets	\$ <u>689,225</u>	<u>677,495</u>	<u>1,366,720</u>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ 524,196	\$ 524,196
Committed	-	153,299	153,299
Assigned	431,600	-	431,600
Unassigned	<u>257,625</u>	<u>-</u>	<u>257,625</u>
Total fund balances	\$ <u>689,225</u>	\$ <u>677,495</u>	\$ <u>1,366,720</u>

See accompanying notes to the basic financial statements

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – CASH BASIS

GOVERNMENTAL FUNDS

Year Ended December 31, 2013

	<u>General</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS</b>			
Property taxes	\$ 84,270	\$ -	\$ 84,270
Income tax	698,203	77,578	775,781
Other local taxes	298,032	-	298,032
Charges for services	17,705	48,811	66,516
Licenses and permits	3,305	-	3,305
Fines and forfeitures	7,862	430	8,292
Intergovernmental	82,668	207,652	290,320
Interest	42,477	2,401	44,878
Rent	15,400	4,040	19,440
Donations	10,076	950	11,026
Other	<u>56,387</u>	<u>-</u>	<u>56,387</u>
Total receipts	<u>1,316,385</u>	<u>341,862</u>	<u>1,658,247</u>
<b>DISBURSEMENTS</b>			
Current:			
General government	264,054	12,439	276,493
Security of persons and property	961,179	1,818	962,997
Public health	8,197	11,131	19,328
Leisure time activities	-	62,276	62,276
Community and economic development	6,800	-	6,800
Basic utility services	3,035	-	3,035
Transportation	-	210,274	210,274
Capital outlay	18,895	84,788	103,683
Debt service:			
Principal retirement	55,000	-	55,000
Interest and fiscal charges	<u>10,981</u>	<u>-</u>	<u>10,981</u>
Total disbursements	<u>1,328,141</u>	<u>382,726</u>	<u>1,710,867</u>
Excess of receipts over (under) disbursements	<u>(11,756)</u>	<u>(40,864)</u>	<u>(52,620)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of assets	<u>18,590</u>	<u>-</u>	<u>18,590</u>
Net change in fund balance	6,834	(40,864)	(34,030)
FUND BALANCES BEGINNING OF YEAR	<u>682,391</u>	<u>718,359</u>	<u>1,400,750</u>
FUND BALANCES END OF YEAR	\$ <u>689,225</u>	\$ <u>677,495</u>	\$ <u>1,366,720</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – BUDGET BASIS

GENERAL FUND

Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Property taxes	\$ 80,000	\$ 80,000	\$ 84,270	\$ 4,270
Income taxes	637,200	637,200	698,203	61,003
Other local taxes	290,000	290,000	298,032	8,032
Special assessments	400	400	-	(400)
Charges for services	14,900	18,400	17,705	(695)
Licenses and permits	4,500	4,500	3,305	(1,195)
Fines and forfeitures	8,600	8,600	7,862	(738)
Intergovernmental	91,660	91,660	82,668	(8,992)
Interest	10,150	10,150	42,477	32,327
Rent	18,000	18,000	15,400	(2,600)
Donations	1,000	5,000	10,076	5,076
Other	<u>50,000</u>	<u>50,000</u>	<u>56,387</u>	<u>6,387</u>
Total receipts	<u>1,206,410</u>	<u>1,213,910</u>	<u>1,316,385</u>	<u>102,475</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	352,767	360,728	264,054	96,674
Security of persons and property	1,063,160	1,086,930	961,179	125,751
Public health	12,000	12,000	8,197	3,803
Community and economic development	13,849	13,849	6,800	7,049
Basic utility services	3,000	3,200	3,035	165
Capital outlay	59,000	59,000	18,895	40,105
Debt service:				
Principal retirement	60,000	60,000	55,000	5,000
Interest and fiscal charges	<u>10,981</u>	<u>10,981</u>	<u>10,981</u>	<u>-</u>
Total disbursements	<u>1,574,757</u>	<u>1,606,688</u>	<u>1,328,141</u>	<u>278,547</u>
Excess of receipts over (under) disbursements	(368,347)	(392,778)	(11,756)	381,022
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	<u>3,000</u>	<u>3,000</u>	<u>18,590</u>	<u>15,590</u>
Net change in fund balance	(365,347)	(389,778)	6,834	396,612
FUND BALANCE BEGINNING OF YEAR	<u>682,391</u>	<u>682,391</u>	<u>682,391</u>	<u>-</u>
FUND BALANCE END OF YEAR	\$ <u>317,044</u>	\$ <u>292,613</u>	\$ <u>689,225</u>	\$ <u>396,612</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO  
STATEMENT OF FUND NET POSITION – CASH BASIS

PROPRIETARY FUNDS

December 31, 2013

	Business-Type Activities			
	Sewer Fund	Electric Fund	Other Enterprise Funds	Total Proprietary Funds
<b>ASSETS</b>				
Equity in pooled cash and cash equivalents	\$ <u>2,956,569</u>	\$ <u>3,234,952</u>	\$ <u>1,275,700</u>	\$ <u>7,467,221</u>
Total assets	\$ <u>2,956,569</u>	\$ <u>3,234,952</u>	\$ <u>1,275,700</u>	\$ <u>7,467,221</u>
 <b>NET POSITION</b>				
Unrestricted	\$ <u>2,956,569</u>	\$ <u>3,234,952</u>	\$ <u>1,275,700</u>	\$ <u>7,467,221</u>
Total net position	\$ <u>2,956,569</u>	\$ <u>3,234,952</u>	\$ <u>1,275,700</u>	\$ <u>7,467,221</u>

See accompanying notes to the basic financial statements.



VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND NET POSITION – CASH BASIS

PROPRIETARY FUNDS

Year Ended December 31, 2013

	Business-Type Activities			Total Proprietary Funds
	Sewer Fund	Electric Fund	Other Enterprise Funds	
<b>RECEIPTS</b>				
Charges for services	\$ <u>440,382</u>	\$ <u>5,542,123</u>	\$ <u>602,482</u>	\$ <u>6,584,987</u>
<b>OPERATING DISBURSEMENTS</b>				
Personal services	171,128	316,849	200,022	687,999
Employee fringe benefits	73,745	149,261	88,961	311,967
Contractual services	69,552	5,124,825	116,304	5,310,681
Materials and supplies	36,981	31,896	54,103	122,980
Capital outlay	<u>33,585</u>	<u>19,184</u>	<u>39,030</u>	<u>91,799</u>
Total operating disbursements	<u>384,991</u>	<u>5,642,015</u>	<u>498,420</u>	<u>6,525,426</u>
Operating income (loss)	<u>55,391</u>	<u>(99,892)</u>	<u>104,062</u>	<u>59,561</u>
<b>NON-OPERATING RECEIPTS (DISBURSEMENTS)</b>				
Income taxes	524,004	-	-	524,004
Intergovernmental	3,364	3,814	43,231	50,409
Principal payments on debt and capital lease	(218,616)	-	(15,251)	(233,867)
Interest and fiscal charges	(26,173)	-	(2,048)	(28,221)
Other non-operating expenses	<u>(9,550)</u>	<u>-</u>	<u>-</u>	<u>(9,550)</u>
Total non-operating receipts (disbursements)	<u>273,029</u>	<u>3,814</u>	<u>25,932</u>	<u>302,775</u>
Changes in net position	328,420	(96,078)	129,994	362,336
FUND NET POSITION BEGINNING OF YEAR	<u>2,628,149</u>	<u>3,331,030</u>	<u>1,145,706</u>	<u>7,104,885</u>
FUND NET POSITION END OF YEAR	\$ <u>2,956,569</u>	\$ <u>3,234,952</u>	\$ <u>1,275,700</u>	\$ <u>7,467,221</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1. REPORTING ENTITY**

The Village of Carey, Wyandot County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that were included to ensure that the financial statements are not misleading.

- A. Primary Government – The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services; water, sewer, and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department and contracts with Wyandot County for emergency medical services. The Village also manages a public cemetery.

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the Village's accounting policies.

- A. Basis of Presentation – The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.
- B. Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

B. Government-Wide Financial Statements, continued – Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The statement of net position presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village’s governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village’s general receipts.

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

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

D. Fund Accounting – The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Village’s funds are divided into two categories, governmental and proprietary.

E. Governmental Funds – The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the Village’s major governmental fund:

General – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village’s major enterprise funds, as defined in Governmental Accounting Standards Board Statement No. 34, are:

Sewer Fund – The Sewer Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

Electric Fund – The Electric Fund receives charges for services from residents and commercial users to cover the cost of providing this utility.

The other enterprise funds of the Village account for the operations of the water, storm water and utility deposits.

- G. Basis of Accounting – The Village’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

- H. Budgetary Process – All funds are legally required to be budgeted and appropriated annually. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council’s authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund function, and object level for all funds.

The Certificate of Estimated Resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the Certificate of Estimated Resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended Certificates of Estimated Resources in effect at the time final appropriations were passed by the Village Council.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

- H. Budgetary Process, continued – The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.
- I. Cash and Investments – To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

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

During 2013, the Village invested in certificates of deposit and a money market account.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 amounted to \$42,477, which includes \$40,000 assigned from other Village funds.

- J. Inventory and Prepaid Items – The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.
- K. Capital Assets – Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.
- L. Interfund Receivables/Payables – The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.
- M. Accumulated Leave – In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.
- N. Employer Contributions to Cost-Sharing Plans – The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

- O. Long-Term Obligations – The Village’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither are other financing sources nor capital outlay expenditures reported at inception. Lease payments are reported when paid.
- P. Net Position – Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes included resources restricted for street maintenance and repairs and parks and recreation.

The Village’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

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

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

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Q. Fund Balance Reserves, continued –

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within the 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.

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as transfers. Transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements transfers within governmental activities or within business-type activities are eliminated.

**NOTE 3. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2013, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 61, *“The Financial Responsibility: Omnibus an amendment of GASB Statements No. 14 and No. 34,”* GASB Statement No. 65, *“Items Previously Reported as Assets and Liabilities,”* and GASB Statement No. 66, *“Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”*

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Village.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Village’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 3. CHANGE IN ACCOUNTING PRINCIPLE, CONTINUED**

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Village.

**NOTE 4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances and are treated as cash disbursements (budget basis) rather than as a restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$0 for the General Fund.

**NOTE 5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

- (1) United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as a principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 5. DEPOSITS AND INVESTMENTS, CONTINUED**

- (3) Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio or other local governments;
- (5) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- (6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (7) The State Treasurer's investment pool (STAR Ohio).

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

- A. Deposits – Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,464,439 of the Village's bank balance of \$8,921,424 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio Law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment or all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Deposits consist of the following at December 31, 2013:

Demand deposits	\$ 6,626,956
Certificates of deposit	<u>2,206,985</u>
Total deposits	\$ <u>8,833,941</u>

The certificates of deposit bear interest at rates between .36% and 2.38% and mature through June 2016.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 6. INCOME TAXES**

The Village levies a 1.5 percent income tax. By council action, the first one percent of income tax revenue is divided as follows: ninety percent to the General Fund and ten percent to the Parks Fund. The remaining one-half percent is placed in the Sewer Debt Retirement Fund, by council action. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, if at least one percent tax is paid to another city on wages earned, that credit can be applied to the Carey tax liability, with the other half percent payable to the Village. Ultimately, the total income tax payable must equal 1.5 percent of earned income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**NOTE 7. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2013.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien on December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

The full rate for all Village operations for the year ended December 31, 2013, was \$1.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Estate	\$ 48,048,830
Public Utility Personal Property	<u>497,480</u>
Total Assessed Value	\$ <u>48,546,310</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (York) (formerly known as American Risk Pooling Consultants, Inc.) (ARPCO), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

- A. Casualty and Property Coverage – APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. As December 31, 2013, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

- B. Financial Position – PEP's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$ 34,411,883	\$ 34,389,569
Liabilities	<u>(12,760,194)</u>	<u>(14,208,353)</u>
Net position	\$ <u>21,651,689</u>	\$ <u>20,181,216</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$11.6 and \$13.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 and \$12.6 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013 the Village's share of these unpaid claims collectible in future years is approximately \$57,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP were \$60,378; \$54,965; and \$55,564 for the years ended December 31, 2013, 2012 and 2011, respectively.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 8. RISK MANAGEMENT, CONTINUED**

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The Village pays the Ohio Bureau of Workers' Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

**NOTE 9. DEFINED BENEFIT PENSION PLAN**

- A. Ohio Public Employees Retirement System Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). OPERS issues a stand-alone financial report that may be obtained by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy - The ORC provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the ORC, are not to exceed 10 percent of covered payroll for members in the state and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2013, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 12.6 percent, respectively.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 9. DEFINED BENEFIT PENSION PLAN, CONTINUED**

The Village's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety for whom the Village's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to healthcare for members in the traditional plan was 1.0 percent for 2013. The portion of employer contributions allocated to health care for members in the combined plan was 1.0 percent for 2013.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$138,929, \$102,636, and \$100,099, respectively. The full amount has been contributed for 2013, 2012 and 2011.

- B. Ohio Police and Fire Protection Fund Plan Description – The Village contributes to the Ohio Police and Fire Pension (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to full-time law enforcement officers of the Village and their beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0 percent of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The Village has no firefighters.

The Village's contributions to OP&F for police pension were \$52,161, \$32,428 and \$33,273 for the years ended December 31, 2013, 2012 and 2011, respectively. The full amount has been contributed for 2013, 2012 and 2011.

**NOTE 10. POST EMPLOYEMENT BENEFITS**

- A. Ohio Public Employees Retirement System Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 10. POST EMPLOYMENT BENEFITS, CONTINUED**

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The ORC permits, but does not require, OPERS to provide health care benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or (800)222-7377.

Funding Policy – The postemployment health care plan was established under, and is administered in accordance with Internal Revenue Code Section 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the ORC. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent during calendar year 2013.\

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$10,687, \$41,055, and \$40,039, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 33 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

- B. Ohio Police and Fire Pension Fund Plan Description – The Village contributes to the Ohio Police and Fire Pension fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 10. POST EMPLOYMENT BENEFITS, CONTINUED**

OP&F provides access to postemployment health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the ORC.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by ORC to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an Internal Revenue Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code Section 401(h) account (401(h)), both of which are within the defined benefit pension plan, under the authority granted by the ORC to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contribution allocated to health care was 4.69 percent of covered payroll from January 1, 2013 through May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustee's primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits of police were \$11,715, \$17,168, and \$17,615, respectively for the years ended December 31, 2013, 2012 and 2011. The full amount has been contributed for 2013, 2012 and 2011.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 11. DEBT**

Debt outstanding at December 31, 2013, was as follows:

<u>Debt Issued</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds - Firehouse	3.75-4.00%	\$ 525,000	December 1, 2017
OWDA Loan – Sewer Plant Expansion	8.26%	1,296,441	July 1, 2013
OWDA Loan – WWTP Improvements	1.00%	2,240,415	January 1, 2027
OWDA Loan – Storm Sewer	1.00%	107,311	January 1, 2031
OPWC Loan – Sanitary Sewer	2.00%	691,976	July 1, 2018

The Village’s long-term debt activity for the year ended December 31, 2013 was as follows:

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2013</u>	<u>Due Within One Year</u>
<b><u>Governmental Activities</u></b>					
Firehouse Bonds	\$ <u>285,000</u>	\$ <u>-</u>	\$ <u>(55,000)</u>	\$ <u>230,000</u>	\$ <u>55,000</u>
<b><u>Business – Type Activities</u></b>					
OWDA Loan – Sewer Plant Expansion	\$ 57,341	\$ -	\$ (57,341)	\$ -	\$ -
OWDA Loan – WWTP Improvements	1,614,565	-	(107,998)	1,506,567	109,081
OWDA Loan – Storm Sewer	97,517	-	(4,971)	92,546	5,020
OPWC Loan – Sanitary Sewer	<u>277,985</u>	<u>-</u>	<u>(48,306)</u>	<u>229,679</u>	<u>49,277</u>
Total Business – Type Activities	\$ <u>2,047,408</u>	\$ <u>-</u>	\$ <u>(218,616)</u>	\$ <u>1,828,792</u>	\$ <u>163,378</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

On December 20, 2007, the Village issued \$525,000 in unvoted general obligation bonds for the purpose of constructing a new firehouse. The Village received \$532,536 in bond proceeds, which included a premium of \$7,536.

The Village has pledged future water and sewer revenue, net of specified operating expenses to repay \$3,527,481 of Ohio Public Works Commission (OPWC) loans and Ohio Water Development Authority (OWDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 42.7 percent. The total principal and interest remaining to be paid on the loans is \$1,952,555. Principal and interest paid for the current year and total net revenues were \$244,789 and \$573,209, respectively.

During 2005, the Village entered into a loan agreement with OWDA in the amount of \$2,240,415. The proceeds of this loan were used for wastewater treatment plant improvements. The Village began repaying the loan in 2007.

The OWDA approved a \$239,443 loan to the Village on January 7, 2010 for improvements to the Village’s storm sewer system. Of this amount, \$121,578 in principal was forgiven through assistance from funding through the American Recovery and Reinvestment Act of 2009 (ARRA) which leaves \$117,865 as the net amount financed by the Village. As of December 31, 2013, \$107,311 of this loan has been drawn down by the Village.



VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 11. DEBT, CONTINUED**

During 2000, the Village entered into a loan agreement with the OPWC for the purpose of a sanitary sewer overflow elimination project. This loan is being repaid in semi-annual installments, over a period of 15 years and is collateralized by sewer debt fund income tax receipts.

Principal and interest requirements to retire debt outstanding at December 31, 2013, were as follows:

Year	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 55,000	\$ 8,918	\$ 114,101	\$ 15,707	\$ 49,277	\$ 4,348
2015	55,000	6,856	115,245	14,563	50,268	3,358
2016	60,000	4,725	116,400	13,406	51,278	2,348
2017	60,000	2,400	117,568	12,241	52,309	1,317
2018	-	-	118,746	11,062	26,547	265
2019 – 2023	-	-	611,829	37,213	-	-
2024 – 2028	-	-	393,504	7,788	-	-
2029 – 2030	-	-	11,720	147	-	-
Total	\$ <u>230,000</u>	\$ <u>22,899</u>	\$ <u>1,599,113</u>	\$ <u>112,127</u>	\$ <u>229,679</u>	\$ <u>11,636</u>

The ORC provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The ORC further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$4,867,363 and an unvoted debt margin of \$2,440,047.

The Village also entered into a waterline extension project agreement with the Water and Sewer Rotary Commission (the Commission) whereby the Commission advanced \$90,000 to the Village for an indefinite term beginning November 30, 2001. The purpose of this agreement is to promote the development of the Village by providing utility service to undeveloped property located in certain agricultural districts within the Village. Repayment of the amount advanced will be determined by the date in which the use of such property has been changed pursuant to ORC Section 929.03(D). The Village shall, upon such change in use, collect from the property owner an assessment for the portion of changed property and make repayment to the Commission in the amount of \$33,331 for the portion of changed property. The balance of the advance was \$56,689 at December 31, 2013.

**NOTE 12. LEASES**

In 2012, the Village leased a truck under a noncancelable lease. The Village disbursed \$17,299 to pay lease costs for the year ended December 31, 2013. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 17,299
2015	<u>17,299</u>
Total	\$ <u>34,598</u>

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 13. CONTINGENT LIABILITIES**

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

**NOTE 14. FUND BALANCE**

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
RESTRICTED FOR			
Community center	\$ -	\$ 55,798	\$ 55,798
Road improvements	-	338,669	338,669
Cemetery	-	128,280	128,280
Police operations	-	<u>1,449</u>	<u>1,449</u>
Total restricted	-	524,196	524,196
COMMITTED FOR			
Capital outlay	-	390	390
Recreation	-	<u>152,909</u>	<u>152,909</u>
Total committed	-	153,299	153,299
ASSIGNED FOR			
Subsequent year appropriations	431,600	-	431,600
UNASSIGNED	<u>257,625</u>	<u>-</u>	<u>257,625</u>
Total fund balances	\$ <u>689,225</u>	\$ <u>677,495</u>	\$ <u>1,366,720</u>

**NOTE 15. OTHER COMMITMENTS AND CONTINGENCIES**

The Village of Carey 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 2,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.26 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs is \$346,050.

VILLAGE OF CAREY, WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

**NOTE 15. OTHER COMMITMENTS AND CONTINGENCIES, CONTINUED**

The Village received a credit of \$132,716 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$90,450 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$122,884. The Village will begin making payments in 2014. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

The Village intends to recover these costs and repay AMP over the next 15 years through a power cost adjustment.

**NOTE 16. SUBSEQUENT EVENTS**

Subsequent to December 31, 2013, the Ohio Public Works Commission awarded the Village a \$235,000 grant and a \$167,000 no-interest loan under the Issue I program for the Spring Run project.

Subsequent events have been evaluated through September 9, 2014, which is the date the financial statements were available to be issued.

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Donald J. Wolf, CPA  
William D. Rogers, CPA  
G. Michael Dickey, CPA

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

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carey, Wyandot County, Ohio (the Village) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 9, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control. We consider Finding 2013-01 to be a significant deficiency.

## COMPLIANCE AND OTHER MATTERS

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

## PURPOSE OF THIS REPORT

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

*Meloney + Novotny LLC*

Delaware, Ohio  
September 9, 2014

VILLAGE OF CAREY  
WYANDOT COUNTY, OHIO

SCHEDULE OF FINDINGS  
December 31, 2013

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

FINDING NUMBER 2013-01  
SIGNIFICANT DEFICIENCY

Ohio Administrative Code (OAC) Section 117-2-02 states that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the OAC. The OAC asserts that management is responsible for completeness of the financial records, including that all account balances and transactions that should be included in the financial records are included. In 2013, a reclassification adjustment of \$17,299 was necessary to properly reflect the annual capital lease payment for a Village truck as principal and interest, respectively, instead of Capital Outlay. In addition, capital asset purchases of \$99,258 were reclassified from various expense line items to Capital Outlay. The Village had properly posted these items in the accounting records to Capital Outlay accounts, however, the purchases were included in other line items in the annual compilation report. Reclassification adjustments were made in order for the audited financial statements to properly reflect these receipts and disbursements.

VILLAGE RESPONSE:

The Village of Carey understands the finding and will work on correcting the errors in the future.

VILLAGE OF CAREY  
WYANDOT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2013

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<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: explain:</u>
2012-01	Financial statement reclassifications	No	Repeated as Finding 2013-01

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# Dave Yost • Auditor of State

**VILLAGE OF CAREY**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2014**