



**VILLAGE OF VERSAILLES  
DARKE COUNTY  
Regular Audit  
For the Years Ended December 31, 2019 and 2018**

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Marietta, OH 45750  
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1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
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KEITH FABER



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Village Council  
Village of Versailles  
177 North Center Street  
Versailles, Ohio 45380

We have reviewed the *Independent Auditor's Report* of the Village of Versailles, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 Versailles is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 3, 2020

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VILLAGE OF VERSAILLES  
DARKE COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 30, 2020

Village of Versailles  
Darke County  
177 North Center Street  
PO Box 288  
Versailles, Ohio 45380

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Versailles**, Darke County, (the Village) as of and for the years ended December 31, 2019 and 2018.

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

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

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

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

***Opinion on Regulatory Basis of Accounting***

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

***Emphasis of Matter***

As discussed in Note 16 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 96,813	\$ 293,051	\$ -	\$ -	\$ 389,864
Municipal Income Tax	1,620,756	810,256	-	-	2,431,012
Intergovernmental	338,442	326,531	-	-	664,973
Special Assessments	420	43,533	-	-	43,953
Charges for Services	24,366	316,925	-	-	341,291
Fines, Licenses and Permits	60,866	975	-	-	61,841
Earnings on Investments	278,271	10,651	16	-	288,938
Miscellaneous	28,602	51,842	-	12,502	92,946
<i>Total Cash Receipts</i>	<u>2,448,536</u>	<u>1,853,764</u>	<u>16</u>	<u>12,502</u>	<u>4,314,818</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	484,348	494,572	-	-	978,920
Public Health Services	15,883	30,568	-	-	46,451
Leisure Time Activities	-	80,847	-	-	80,847
Community Environment	75,241	-	-	-	75,241
Transportation	-	365,255	-	-	365,255
General Government	348,268	-	8,335	-	356,603
Capital Outlay	331,611	464,492	-	37,500	833,603
Debt Service:					
Principal Retirement	-	4,150	148,023	-	152,173
Interest and Fiscal Charges	-	-	101,960	-	101,960
<i>Total Cash Disbursements</i>	<u>1,255,351</u>	<u>1,439,884</u>	<u>258,318</u>	<u>37,500</u>	<u>2,991,053</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,193,185</u>	<u>413,880</u>	<u>(258,302)</u>	<u>(24,998)</u>	<u>1,323,765</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds	-	209,550	-	-	209,550
Sale of Capital Assets	1,317	22,157	-	-	23,474
Transfers In	-	306,000	256,050	40,000	602,050
Transfers Out	(1,275,044)	(151,050)	-	-	(1,426,094)
Other Financing Uses	(54,628)	-	-	(8,733)	(63,361)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,328,355)</u>	<u>386,657</u>	<u>256,050</u>	<u>31,267</u>	<u>(654,381)</u>
<i>Net Change in Fund Cash Balances</i>	(135,170)	800,537	(2,252)	6,269	669,384
<i>Fund Cash Balances, January 1</i>	<u>2,240,576</u>	<u>2,819,908</u>	<u>108,431</u>	<u>32,920</u>	<u>5,201,835</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	3,620,445	-	-	3,620,445
Assigned	222,191	-	106,179	39,189	367,559
Unassigned	1,883,215	-	-	-	1,883,215
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,105,406</u>	<u>\$ 3,620,445</u>	<u>\$ 106,179</u>	<u>\$ 39,189</u>	<u>\$ 5,871,219</u>

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 8,936,752	\$ -	\$ 8,936,752
Miscellaneous	45,137	-	45,137
<i>Total Operating Cash Receipts</i>	<u>8,981,889</u>	<u>-</u>	<u>8,981,889</u>
<b>Operating Cash Disbursements</b>			
Personal Services	944,838	-	944,838
Employee Fringe Benefits	267,887	-	267,887
Contractual Services	5,611,527	-	5,611,527
Supplies and Materials	476,934	-	476,934
<i>Total Operating Cash Disbursements</i>	<u>7,301,186</u>	<u>-</u>	<u>7,301,186</u>
<i>Operating Income</i>	<u>1,680,703</u>	<u>-</u>	<u>1,680,703</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments (proprietary funds only)	1	-	1
Sale of Notes	485,000	-	485,000
Premium and Accrued Interest on Debt	480	-	480
Sale of Capital Assets	991	-	991
Capital Outlay	(1,435,583)	-	(1,435,583)
Excise Tax Payment - Electric	(83,903)	-	(83,903)
Principal Retirement	(1,349,225)	-	(1,349,225)
Interest and Other Fiscal Charges	(152,270)	-	(152,270)
Other Financing Sources	4,847	-	4,847
Other Financing Uses	(3,531)	-	(3,531)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,533,193)</u>	<u>-</u>	<u>(2,533,193)</u>
<i>Income (Loss) before Transfers</i>	<u>(852,490)</u>	<u>-</u>	<u>(852,490)</u>
Transfers In	844,344	-	844,344
Transfers Out	(20,300)	-	(20,300)
<i>Net Change in Fund Cash Balances</i>	<u>(28,446)</u>	<u>-</u>	<u>(28,446)</u>
<i>Fund Cash Balances, January 1</i>	<u>7,430,878</u>	<u>695</u>	<u>7,431,573</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,402,432</u>	<u>\$ 695</u>	<u>\$ 7,403,127</u>

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1 - Reporting Entity**

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

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

The Village participates in two joint venture organizations and five long term purchase commitments. Notes 11 and 12 to the financial statements provide additional information for these organizations.

Joint Venture Organizations:

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

Long Term Purchase Commitments:

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction, Maintenance, and Repair Fund*** – This fund receives a portion of the State gasoline tax money and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

***State Highway Fund*** – This fund receives a portion of the State gasoline tax money and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

VILLAGE OF VERSAILLES  
DARKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

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

***Fund Accounting (Continued)***

***EMS Fund*** – This fund receives fees from ambulance runs for operation and upkeep of the Emergency Medical Services operation.

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

***.5% Income Tax Fund*** – This fund receives property tax money for street construction and major repair purposes consisting of storm drainage improvements, sanitary sewer improvements, waterline improvements and maintenance.

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

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

***N West Street Bond Retirement Fund*** – This fund receives transfers from the .5% Income Tax Fund to repay the debt related to the N West Street extension.

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

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

***Economic Development Fund*** – This fund receives miscellaneous receipts used to purchase land used for economic development within the Village.

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

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

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

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

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

The Village's private purpose trust fund is from proceeds from residents for bicentennial and tri-centennial celebration for Village residents.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***Capital Assets***

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

***Accumulated Leave***

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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

**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2019 follows:

<b>2019 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 2,448,244	\$ 2,449,853	\$ 1,609
Special Revenue	2,389,023	2,391,471	2,448
Debt Service	256,050	256,066	16
Capital Projects	52,500	52,502	2
Enterprise	10,308,748	10,317,552	8,804
Total	\$ 15,454,565	\$ 15,467,444	\$ 12,879

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 3 – Budgetary Activity (Continued)**

<b>2019 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 2,838,226	\$ 2,658,846	\$ 179,380
Special Revenue	2,054,751	1,753,981	300,770
Debt Service	258,333	258,318	15
Capital Projects	58,339	47,471	10,868
Enterprise	12,658,733	11,374,736	1,283,997
Trust	231	-	231
Total	\$ 17,868,613	\$ 16,093,352	\$ 1,775,261

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<b>2019</b>
Demand Deposits	\$ 4,774,346
Certificates of Deposit	8,500,000
Total Deposits	\$ 13,274,346

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

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

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 6 - Risk Management**

The Village obtained commercial insurance for the following risks:

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

**Note 7 - Transfers**

During 2019, the Village transferred money from the General Fund to various other funds for operating and debt service expenses. The transfer from the Refuse & Recycling Fund to the Refuse Truck Fund was for the future purchase of refuse trucks. The transfers from the .5% Income Tax Fund to the N West Bond Retirement Fund and from the Emergency Medical Services Fund to the Ambulance Bond Retirement Fund were for the payment of debt. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

	Transfers In	Transfers Out
General Fund	\$ -	\$ (1,275,044)
Cemetery Care Fund	3,500	-
Police Pension Fund	52,500	-
SCMR Fund	175,000	-
Cemetery Fund	30,000	-
Swimming Pool Fund	20,000	-
Park Fund	25,000	-
Emergency Medical Services Fund	-	(24,000)
.5% Income Tax Fund	-	(127,050)
N West Street Bond Retirement Fund	127,050	-
Ambulance Bond Retirement Fund	24,000	-
Economic Development Fund	40,000	-
Wastewater Treatment Fund	234,044	-
Water Supply Development Fund	590,000	-
Emergency Services Facility Fund	105,000	-
Refuse & Recycling Fund	-	(20,300)
Refuse Truck Fund	20,300	-
Total	\$ 1,446,394	\$ (1,446,394)

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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

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

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

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

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 - Postemployment Benefits**

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

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

**Note 10 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Elevated Storage Tank Loan - OWDA #3737	\$ 243,933	3.39%
Water Treatment Plant - OWDA #3974	2,964,705	3.26%
Water Treatment Plant - OPWC	225,000	0.00%
Refunded Emergency Services Facility Bonds	1,317,000	3.20%
Wastewater Treatment Plant - OWDA #5175	2,157,505	1.00%
Wastewater Treatment Plant - OPWC	525,000	0.00%
N West Street Extension	1,363,333	3.68%
OMEGA JV5 Loan	513,933	Variable
Electric Improvement Bond Anticipation Note	485,000	3.00%
Woodland Drive Reconstruction - OPWC	244,850	0.00%
EMS Vehicle Bond - Series 2019	192,194	4.28%
Total	<u><u>\$ 10,232,453</u></u>	

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 10 – Debt (Continued)**

The Elevated Storage Tank loan was issued on September 26, 2002 with a maturity date of January 1, 2024. The Ohio Water Development Authority (OWDA) loan is for the construction of a water tower. The OWDA issued \$893,628 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$30,945, including interest. Payments are made from the Water Supply Development Fund.

The Water Treatment Plant loan was issued on October 30, 2003, with a maturity date of January 1, 2026. The Ohio Water Development Authority (OWDA) loan is for the construction of a water treatment plant. The OWDA issued a loan of \$7,448,105 for this project. The Village will repay the loan in semiannual installments of \$254,916, including interest. Payments are made from the Water Supply Development Fund.

The Water Treatment Plant loan was issued on October 1, 2005, with a maturity date of July 1, 2025. Ohio Public Works Commission (OPWC) (Issue II) loan is for the construction of the water treatment plant. OPWC approved \$750,000 in interest free loan to the Village for this project. The Village will repay the loan in semiannual installments of \$18,750. Payments are made from the Water Supply Development Fund.

The Refunded Emergency Services Facility Bonds were issued in December 2017, with a maturity date of December 1, 2036. The bond refunded \$1,468,000 of the 2007 Emergency Services Facility Bonds that were issued for the purpose of constructing, improving, furnishing and equipping an Emergency Services Facility with related facilities and site improvements. The Village will repay the bonds in annual installments ranging from \$105,952 to \$96,736, including interest. Payments are made from the Emergency Services Facility Bonds Debt Service Fund.

The Wastewater Treatment Plant loan with OWDA began in September 2009. OWDA approved a loan up to \$7,820,870 for this project. The Village also received \$4,473,196 in American Recovery and Reinvestment Act (ARRA) money to offset their loan with OWDA. The Village began to make semiannual installment payments beginning in 2012. The annual loan payment is \$184,044, including interest. Payments are made from the Wastewater Treatment Debt Fund.

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

On April 4, 2019 the Village paid off \$555,000 in bond anticipation notes and issued a one-year bond anticipation note in the amount of \$485,000, with an interest rate of 3.00%. The Village intends to retire a portion of the note each year, and refinance the balance until the note is retired. The loan was used for the Village's 4kV-12kV electric improvements. Payments are made from the Electric Fund.

During 2018, the Village borrowed \$249,000 from the Ohio Public Works Commission for the purpose of reconstructing Woodland Drive. The loan has a 0.00% interest rate and a 30-year maturity date. The Village will make semiannual installment payments. The semiannual principle loan payment is \$4,150. Payments are made from the 0.5% Income Tax Fund.

In 2019, the Village borrowed \$209,550 from Second National Bank (Division of Park National Bank) for the purpose of purchasing a new ambulance. The loan has a 4.28% interest rate and a 7 year maturity date. The Village began making monthly payments in May, 2019 of \$2,891.83 which includes interest. Payments are made from the Ambulance Bond Retirement Fund via a transfer from the EMS Fund.

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 10 – Debt (Continued)**

The N. West St Extension Project loan was issued on May 23, 2018 in the principal amount of \$1,435,000 with an interest rate of 3.68%. The Dayton-Montgomery County Port Authority (Issuer) issued Economic Development Bonds and loaned the proceeds to the Village of Versailles (Contracting Party) for the purpose of constructing and improving North West Street. The loan is due to mature in 2033. Under terms of the loan agreement, the Village contributed \$143,500 to a bond reserve account to be held in escrow by the trustee (Bank of New York Mellon) until the loan is retired in 2033. Monthly interest payments began June 1, 2018 – January 1, 2019 (capitalized interest of \$39,461.27). Beginning February 1, 2019, average monthly payments of \$11,560, including interest and admin/trustee fees are being made by the Village to Bank of New York. Payments are held by the bank in a principle reserve and interest reserve account. The amount of principal retired by May 1, 2019 was \$25,000 and the amount of principle retired November 1, 2019 was \$40,000. At the end of the year the balance in the bond reserve account was \$147,000. The trustee also held \$5,220 in escrow for future interest payments, and \$3,201 for future principal payments as of December 31. Payments are made from the N. West Bond Retirement Fund via transfer from the 0.5% Income Tax Fund.

In addition to the debt described above, the OMEGA JV5 Project consists of governmental entities that have joined together to finance a municipal electric generation facilities. Bonded debt was issued in the amount of \$153,415,000 for the entire project. The Village pays the principal and interest amounts as invoiced based on their ownership interest in the venture, which changes as new entities join. The debt is repaid through the purchase price of the electricity and is financed through user charges.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending	Elevated Storage Tank	Water Treatment Plant Loan	Water Treatment Plant Loan	Refunded Emergency Services	Wastewater Treatment Plant
<b>December 31:</b>	<b>OWDA #3737</b>	<b>OWDA #3974</b>	<b>OPWC #CK02G</b>	<b>Facilities Bond</b>	<b>OWDA #5175</b>
2020	\$ 58,002	\$ 502,393	\$ 37,500	\$ 106,144	\$ 184,044
2021	58,203	503,484	37,500	103,096	184,044
2022	58,411	504,612	37,500	101,080	184,044
2023	58,627	505,777	37,500	103,064	184,044
2024	29,395	506,980	37,500	104,920	184,044
2025-2029	-	762,813	37,500	510,944	920,220
2030-2034	-	-	-	499,424	460,110
2035-2039	-	-	-	193,928	-
Total	<u>\$ 262,638</u>	<u>\$ 3,286,059</u>	<u>\$ 225,000</u>	<u>\$ 1,722,600</u>	<u>\$ 2,300,550</u>

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 10 – Debt (Continued)**

Year ending December 31:	Wastewater Treatment Plant OPWC #CK11L	Electric Improvement Bond Anticipation Note	N West Street Extension	Woodland Drive Treatment Plant CT18U	EMS Vehicle Bond
2020	\$ 50,000	\$ 494,808	\$ 129,435	\$ 8,300	\$ 34,702
2021	50,000	-	126,491	8,300	34,702
2022	50,000	-	124,380	8,300	34,702
2023	50,000	-	130,480	8,300	34,702
2024	50,000	-	127,164	8,300	34,702
2025-2029	250,000	-	649,593	41,500	46,269
2030-2034	25,000	-	456,242	41,500	-
2035-2039	-	-	-	41,500	-
2040-2044	-	-	-	41,500	-
2045-2049	-	-	-	37,350	-
Total	<u>\$ 525,000</u>	<u>\$ 494,808</u>	<u>\$ 1,743,785</u>	<u>\$ 244,850</u>	<u>\$ 219,779</u>

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

The Village made payments in 2019 totaling \$24,634 applied to reduce the Village's allocated share of AMPGS costs deemed to have future benefit for the project.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 11 – Long Term Purchase Commitments**

**A. Combined Hydroelectric Projects**

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

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2019, \$2,194,396,470 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.1 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

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

**B. Meldahl Hydroelectric Project**

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

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“*Meldahl Bonds*”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2019, \$675,680,000 aggregate principal amount of the Meldahl Bonds and approximately \$3.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

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

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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

**C. Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2019, \$124,035,000 aggregate principal amount of the 2016 Greenup Bonds and approximately \$0.8 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the 2016 Greenup Bonds.

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

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

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

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the “Initial Prairie State Bonds”) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2019, AMP had \$1,495,245,000 aggregate principal amount of Prairie State Bonds.

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

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

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

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

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

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

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2019, \$499,105,000 aggregate principal amount of the AFEC Bonds and approximately \$8.6 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the AFEC Bonds.

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

**Note 12 – Joint Ventures**

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

The Village of Versailles is a Financing Participant and an Owner Participant with percentages of liability and ownership of 1.58% and 1.24% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 12 – Joint Ventures (Continued)**

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, the Village of Versailles has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The Village's net investment in OMEGA JV2 was \$39,699 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

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

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, Versailles has met their debt coverage obligation.



**VILLAGE OF VERSAILLES  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 12 – Joint Ventures (Continued)**

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

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility.

The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$32,724 at December 31, 2019. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Note 13 – Segment Information**

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

**Note 13 – Segment Information (Continued)**

	<b>2019</b>
Fund Cash Balance	\$ 4,834,499
Total Long-Term Debt	998,933
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	7,439,778
Other Operating Receipts	30,268
Total Operating Receipts	7,470,046
<b>Operating Expenses</b>	
Personal Services	499,627
Employee Fringe Benefits	148,107
Contractual Services	5,392,028
Supplies and Materials	200,885
Total Operating Expenses	6,240,647
Operating Income (Loss)	1,229,399
<b>Non-Operating Receipts (Disbursements)</b>	
Investment Income	1
Principal Payments	(647,795)
Interest Payments	(23,014)
Other Nonoperating Receipts (Disbursements)	(650,775)
Change in Fund Cash Balance	(92,184)
Beginning Fund Cash Balance	4,926,683
Ending Fund Cash Balance	\$ 4,834,499

	<b>2019</b>
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$ 1,229,399
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(647,795)
Interest Payments on Capital and Related Debt	(23,014)
Other Capital and Related Financing Activities	(650,774)
Net Cash Provided (Used) by	
Capital and Related Financing Activities	(1,321,583)
Net Increase (Decrease)	(92,184)
Beginning Fund Cash Balance	4,926,683
Ending Fund Cash Balance	\$ 4,834,499

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 14 – Contingent Liabilities**

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

**Note 15 – Tax Abatements**

Community Reinvestment Area (CRA)

Ohio Revised Code sections 5709.61-5709.69 allow for the designation of enterprise zones at the request of local legislative bodies and upon the approval of the director of development. After an area is certified as an enterprise zone, the legislative authority may enter into agreements with businesses to provide tax incentives in exchange for new investment in this area. An enterprise zone agreement allows for the exemption for a specified number of years, not to exceed fifteen, of a specified portion, up to 75%, of the increase in the assessed valuation of real property at the site. As part of the agreement, businesses must make specific commitments to investment and job creation or retention. If for any three-year period of the agreement the business fails to meet at least 75% of the employment commitment, the business must repay any taxes abated during that three-year period. If the business fails to comply with the terms of the agreement, other than the employment commitment, the agreement will be terminated and the business may have to repay all taxes that have been abated.

The Village of Versailles has entered into six enterprise zone agreements with local businesses. The agreements exempt 100% of the new real property investment of the businesses from taxation for a period of fifteen years. For the year ended December 31, 2019, the Village abated property taxes totaling \$20,460 under this program.

**Note 16 – Subsequent Events**

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 97,586	\$ 290,039	\$ -	\$ -	\$ 387,625
Municipal Income Tax	1,608,588	804,180	-	-	2,412,768
Intergovernmental	286,162	556,513	-	200,000	1,042,675
Special Assessments	730	24,137	-	-	24,867
Charges for Services	-	317,467	-	-	317,467
Fines, Licenses and Permits	44,864	1,523	-	-	46,387
Earnings on Investments	162,649	5,775	1,360	11,089	180,873
Miscellaneous	22,664	31,741	-	345,540	399,945
<i>Total Cash Receipts</i>	<u>2,223,243</u>	<u>2,031,375</u>	<u>1,360</u>	<u>556,629</u>	<u>4,812,607</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	480,479	402,942	-	-	883,421
Public Health Services	15,648	33,584	-	-	49,232
Leisure Time Activities	-	65,382	-	-	65,382
Community Environment	30,315	-	-	-	30,315
Transportation	-	353,624	-	-	353,624
General Government	270,585	-	-	9,371	279,956
Capital Outlay	150,797	1,990,783	4,728	1,854,519	4,000,827
Debt Service:					
Principal Retirement	-	-	60,000	-	60,000
Interest and Fiscal Charges	-	-	75,583	-	75,583
<i>Total Cash Disbursements</i>	<u>947,824</u>	<u>2,846,315</u>	<u>140,311</u>	<u>1,863,890</u>	<u>5,798,340</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,275,419</u>	<u>(814,940)</u>	<u>(138,951)</u>	<u>(1,307,261)</u>	<u>(985,733)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds	-	-	-	1,435,000	1,435,000
Loans Issued	-	249,000	-	-	249,000
Sale of Capital Assets	3,405	4,520	-	-	7,925
Transfers In	-	296,500	130,462	-	426,962
Transfers Out	(1,206,544)	-	-	(39,462)	(1,246,006)
Other Financing Uses	(30,193)	(143,500)	-	(84,813)	(258,506)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,233,332)</u>	<u>406,520</u>	<u>130,462</u>	<u>1,310,725</u>	<u>614,375</u>
<i>Net Change in Fund Cash Balances</i>	42,087	(408,420)	(8,489)	3,464	(371,358)
<i>Fund Cash Balances, January 1</i>	<u>2,198,489</u>	<u>3,228,328</u>	<u>116,920</u>	<u>29,456</u>	<u>5,573,193</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	2,819,908	-	-	2,819,908
Assigned	303,573	-	108,431	32,920	444,924
Unassigned	1,937,003	-	-	-	1,937,003
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,240,576</u>	<u>\$ 2,819,908</u>	<u>\$ 108,431</u>	<u>\$ 32,920</u>	<u>\$ 5,201,835</u>

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise		Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$ 8,829,785	\$ -	\$ -	\$ 8,829,785
Miscellaneous	72,597	-	-	72,597
<i>Total Operating Cash Receipts</i>	<u>8,902,382</u>	<u>-</u>	<u>-</u>	<u>8,902,382</u>
<b>Operating Cash Disbursements</b>				
Personal Services	862,779	-	-	862,779
Employee Fringe Benefits	235,134	-	-	235,134
Contractual Services	6,284,405	-	-	6,284,405
Supplies and Materials	506,458	-	-	506,458
<i>Total Operating Cash Disbursements</i>	<u>7,888,776</u>	<u>-</u>	<u>-</u>	<u>7,888,776</u>
<i>Operating Income</i>	<u>1,013,606</u>	<u>-</u>	<u>-</u>	<u>1,013,606</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Earnings on Investments (proprietary funds only)	514	-	-	514
Sale of Notes	555,000	-	-	555,000
Premium and Accrued Interest on Debt	5,500	-	-	5,500
Sale of Capital Assets	8,656	-	-	8,656
Capital Outlay	(381,009)	-	-	(381,009)
Principal Retirement	(1,500,168)	-	-	(1,500,168)
Interest and Other Fiscal Charges	(167,647)	-	-	(167,647)
Other Financing Sources	4,650	-	-	4,650
Other Financing Uses	(4,395)	-	-	(4,395)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,478,899)</u>	<u>-</u>	<u>-</u>	<u>(1,478,899)</u>
<i>Income (Loss) before Transfers</i>	<u>(465,293)</u>	<u>-</u>	<u>-</u>	<u>(465,293)</u>
Transfers In	839,204	-	-	839,204
Transfers Out	(20,160)	-	-	(20,160)
<i>Net Change in Fund Cash Balances</i>	<u>353,751</u>	<u>-</u>	<u>-</u>	<u>353,751</u>
<i>Fund Cash Balances, January 1</i>	<u>7,077,127</u>	<u>695</u>	<u>695</u>	<u>7,077,822</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 7,430,878</u>	<u>\$ 695</u>	<u>\$ 695</u>	<u>\$ 7,431,573</u>

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 1 - Reporting Entity**

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

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

The Village participates in two joint venture organizations and five long term purchase commitments. Notes 11 and 12 to the financial statements provide additional information for these organizations.

Joint Venture Organizations:

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

Long Term Purchase Commitments:

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction, Maintenance, and Repair Fund*** – This fund receives a portion of the State gasoline tax money and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

***State Highway Fund*** – This fund receives a portion of the State gasoline tax money and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

***Fund Accounting (Continued)***

***EMS Fund*** – This fund receives fees from ambulance runs for operation and upkeep of the Emergency Medical Services operation.

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

***.5% Income Tax Fund*** – This fund receives property tax money for street construction and major repair purposes consisting of storm drainage improvements, sanitary sewer improvements, waterline improvements and maintenance.

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

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

***N West Street Bond Retirement Fund*** – This fund receives transfers from the .5% Income Tax Fund to repay the debt related to the N West Street extension.

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

***Economic Development Fund*** – This fund receives miscellaneous receipts used to purchase land used for economic development within the Village.

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

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

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

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

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

The Village's private purpose trust fund is from proceeds from residents for bicentennial and tri-centennial celebration for Village residents.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***Capital Assets***

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

***Accumulated Leave***

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



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2018 follows:

<b>2018 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 2,208,472	\$ 2,226,648	\$ 18,176
Special Revenue	2,553,773	2,581,395	27,622
Debt Service	130,462	131,822	1,360
Capital Projects	1,987,675	1,991,629	3,954
Enterprise	10,266,502	10,315,906	49,404
Total	\$ 17,146,884	\$ 17,247,400	\$ 100,516

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 3 – Budgetary Activity (Continued)**

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 2,405,463	\$ 2,258,019	\$ 147,444
Special Revenue	3,642,098	3,105,826	536,272
Debt Service	145,414	140,311	5,103
Capital Projects	2,002,088	1,993,004	9,084
Enterprise	11,429,160	10,783,470	645,690
Total	\$ 19,624,223	\$ 18,280,630	\$ 1,343,593

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<b>2018</b>
Demand Deposits	\$ 4,133,408
Certificates of Deposit	8,500,000
Total Deposits	\$ 12,633,408

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

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

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 6 - Risk Management**

The Village obtained commercial insurance for the following risks:

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

**Note 7 - Transfers**

During 2018, the Village transferred money from the General Fund to various other funds for operating and debt service expenses. The transfer from the Refuse & Recycling Fund to the Refuse Truck Fund was for the future purchase of refuse trucks. The transfers from the Economic Development Fund to the N West Bond Retirement fund was for the payment of debt. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

	Transfers In	Transfers Out
General	\$ -	\$ (1,206,544)
Cemetery Care Fund	3,500	-
Police Pension Fund	50,000	-
SCMR Fund	200,000	-
Cemetery Fund	28,000	-
Park Fund	15,000	-
N West Street Bond Retirement	39,462	-
Economic Development Fund	-	(39,462)
Wastewater Treatment Fund	234,044	-
Water Supply Development Fund	585,000	-
Emergency Services Facility Fund	91,000	-
Refuse & Recycling Fund	-	(20,160)
Refuse Truck Fund	20,160	-
Total	\$ 1,266,166	\$ (1,266,166)

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

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

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

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

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 - Postemployment Benefits**

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

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

**Note 10 - Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Elevated Storage Tank Loan - OWDA #3737	\$ 293,309	3.39%
Water Treatment Plant - OWDA #3974	3,368,001	3.26%
Water Treatment Plant - OPWC	262,500	0.00%
Refunded Emergency Services Facility Bonds	1,376,000	3.20%
Wastewater Treatment Plant - OWDA #5175	2,318,763	1.00%
Wastewater Treatment Plant - OPWC	575,000	0.00%
N West Street Extension	1,435,000	3.68%
OMEGA JV5 Loan	606,728	Variable
Electric Improvement Bond Anticipation Note	555,000	2.25%
Woodland Drive Reconstruction - OPWC	249,000	0.00%
Total	<u>\$ 11,039,301</u>	

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 10 – Debt (Continued)**

The Elevated Storage Tank loan was issued on September 26, 2002 with a maturity date of January 1, 2024. The Ohio Water Development Authority (OWDA) loan is for the construction of a water tower. The OWDA issued \$893,628 in loans to the Village for this project. The Village will repay the loan in semiannual installments of \$30,945, including interest. Payments are made from the Water Supply Development Fund.

The Water Treatment Plant loan was issued on October 30, 2003, with a maturity date of January 1, 2026. The Ohio Water Development Authority (OWDA) loan is for the construction of a water treatment plant. The OWDA issued a loan of \$7,448,105 for this project. The Village will repay the loan in semiannual installments of \$254,916, including interest. Payments are made from the Water Supply Development Fund.

The Water Treatment Plant loan was issued on October 1, 2005, with a maturity date of July 1, 2025. Ohio Public Works Commission (OPWC) (Issue II) loan is for the construction of the water treatment plant. OPWC approved \$750,000 in interest free loan to the Village for this project. The Village will repay the loan in semiannual installments of \$18,750. Payments are made from the Water Supply Development Fund.

The Refunded Emergency Services Facility Bonds were issued in December 2017, with a maturity date of December 1, 2036. The bond refunded \$1,468,000 of the 2007 Emergency Services Facility Bonds that were issued for the purpose of constructing, improving, furnishing and equipping an Emergency Services Facility with related facilities and site improvements. The Village will repay the bonds in annual installments ranging from \$105,952 to \$96,736, including interest. Payments are made from the Emergency Services Facility Bonds Debt Service Fund.

The Wastewater Treatment Plant loan with OWDA began in September 2009. OWDA approved a loan up to \$7,820,870 for this project. The Village also received \$4,473,196 in American Recovery and Reinvestment Act (ARRA) money to offset their loan with OWDA. The Village began to make semiannual installment payments beginning in 2012. The annual loan payment is \$184,044, including interest. Payments are made from the Wastewater Treatment Debt Fund.

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

On April 5, 2018 the Village paid off \$720,000 in bond anticipation notes and issued a one-year bond anticipation note in the amount of \$555,000, with an interest rate of 2.25%. The Village intends to retire a portion of the note each year, and refinance the balance until the note is retired. Payments are made from the Electric Fund.

During 2018, the Village borrowed \$249,000 from the Ohio Public Works Commission for the purpose of reconstructing Woodland Drive. The loan has a 0.00% interest rate and a 30-year maturity date. The Village will make semiannual installment payments beginning in July 2019. The semiannual principle loan payment is \$4,150. Payments are made from the 0.5% Income Tax Fund.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 10 – Debt (Continued)**

The N. West Extension Project loan was issued on May 23, 2018 in the principal amount of \$1,435,000 with an interest rate of 3.68%. The Dayton-Montgomery County Port Authority issued Economic Development Bonds and loaned the proceeds to the Village of Versailles for the purpose of constructing and improving North West Street. The loan is due to mature in 2033. Under terms of the loan agreement, the Village contributed \$143,500 to a bond reserve account to be held in escrow by the trustee till the loan is retired in 2033. At the end of the year the balance in the bond reserve account was \$144,741. The trustee also held \$5,220 in escrow for future interest payments, and \$3,201 for future principal payments as of December 31. Payments are made from the N. West Bond Retirement Fund via transfer from the 0.5% Income Tax Fund.

In addition to the debt described above, the OMEGA JV5 Project consists of governmental entities that have joined together to finance a municipal electric generation facilities. Bonded debt was issued in the amount of \$153,415,000 for the entire project. The Village pays the principal and interest amounts as invoiced based on their ownership interest in the venture, which changes as new entities join. The debt is repaid through the purchase price of the electricity and is financed through user charges.

Similarly, the Village is part of the OMEGA JV2 Project which also consists of governmental entities that have joined together to finance a municipal electric facility. Bonded debt was issued in the amount of \$50,260,000 for the entire project. The Village paid the principal and interest amounts as invoiced based on their ownership interest in the venture, which changes as new entities join. The debt was repaid through the purchase price of the electricity and is financed through user charges. The prior audit showed an outstanding balance of \$3,033 but the correct balance at December 31, 2017 was \$2,980. The Village paid off this debt in 2018.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	Elevated Storage Tank OWDA #3737	Water Treatment Plant Loan OWDA #3974	Water Treatment Plant Loan OPWC #CK02G	Refunded Emergency Services Facilities Bond	Wastewater Treatment Plant OWDA #5175
2019	\$ 57,808	\$ 501,336	\$ 37,500	\$ 103,032	\$ 184,044
2020	58,002	502,393	37,500	106,144	184,044
2021	58,203	503,484	37,500	103,096	184,044
2022	58,411	504,612	37,500	101,080	184,044
2023	58,627	50,577	37,500	103,064	184,044
2024-2028	29,395	505,777	75,000	512,656	920,220
2029-2033	-	1,269,793	-	505,896	644,154
2034-2038	-	-	-	290,664	-
Total	<u>\$ 320,446</u>	<u>\$ 3,837,972</u>	<u>\$ 262,500</u>	<u>\$ 1,825,632</u>	<u>\$ 2,484,594</u>

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 10 – Debt (Continued)**

Year ending December 31:	Wastewater Treatment Plant OPWC #CK11L	Electric Improvement Bond Anticipation Note	N West Street Extension	Woodland Drive Reconstruction OPWC #CT18U
2019	\$ 50,000	\$ 571,835	\$ 123,815	\$ 4,150
2020	50,000	-	129,435	8,300
2021	50,000	-	126,491	8,300
2022	50,000	-	124,380	8,300
2023	50,000	-	130,480	8,300
2024-2028	250,000	-	647,225	41,500
2029-2033	75,000	-	585,774	41,500
2034-2038	-	-	-	41,500
2039-2043	-	-	-	41,500
2044-2048	-	-	-	41,500
2049-2053	-	-	-	4,150
Total	<u>\$ 575,000</u>	<u>\$ 571,835</u>	<u>\$ 1,867,600</u>	<u>\$ 249,000</u>

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

The Village made payments in 2018 totaling \$24,634 applied to reduce the Village's allocated share of AMPGS costs deemed to have future benefit for the project.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 11 – Long Term Purchase Commitments**

**A. Combined Hydroelectric Projects**

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

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the “*Combined Hydroelectric Bonds*”), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2018, \$2,222,975,882 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.7 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

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

**B. Meldahl Hydroelectric Project**

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

In order to finance the construction of the Meldahl Project and related costs, AMP issued seven series of its Meldahl Hydroelectric Project Revenue Bonds (“*Meldahl Bonds*”) in an original aggregate principal amount of \$820,185,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. As of December 31, 2018, \$685,215,000 aggregate principal amount of the Meldahl Bonds and approximately \$2.4 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Meldahl Bonds.

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



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

**C. Greenup Hydroelectric Project**

In connection with the development of the Meldahl Project, Hamilton agreed to sell and AMP agreed to purchase a 48.6% undivided ownership interest (the “AMP Interest”) in the Greenup Hydroelectric Facility. On May 11, 2016, AMP issued \$125,630,000 aggregate principal amount of its Greenup Hydroelectric Project Revenue Bonds, Series 2016A (the “2016 Greenup Bonds”) and, with a portion of the proceeds thereof, acquired the AMP Interest. The 2016 Greenup Bonds are secured by a separate power sales contract that has been executed by the same Members (with the exception of Hamilton, which retained title to a 51.4% ownership interest in the Greenup Hydroelectric Facility) that executed the Meldahl Power Sales Contract. As of December 31, 2018, \$125,300,000 aggregate principal amount of the 2016 Greenup Bonds.

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

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

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

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

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

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

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

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

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

AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the “90.69% Interest”) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the “AFEC Bonds”), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2018, \$499,105,000 aggregate principal amount of the AFEC Bonds and approximately \$6.5 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the AFEC Bonds.

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

**Note 12 – Joint Ventures**

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

The Village of Versailles is a Financing Participant and an Owner Participant with percentages of liability and ownership of 1.58% and 1.24% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 12 – Joint Ventures (Continued)**

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village of Versailles has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The Village's net investment in OMEGA JV2 was \$82,275 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

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

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

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

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, Versailles has met their debt coverage obligation.

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 12 – Joint Ventures (Continued)**

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

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility.

The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$32,724 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**Note 13 – Segment Information**

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

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 13 – Segment Information (Continued)**

	<b>2018</b>
Fund Cash Balance	\$ 4,926,684
Total Long-Term Debt	1,161,728
<b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	7,484,937
Other Operating Receipts	21,749
Total Operating Receipts	7,506,686
<b>Operating Expenses</b>	
Personal Services	501,749
Employee Fringe Benefits	137,345
Contractual Services	6,092,552
Supplies and Materials	265,667
Total Operating Expenses	6,997,313
Operating Income (Loss)	509,373
<b>Non-Operating Receipts (Disbursements)</b>	
Investment Income	514
Principal Payments	(814,805)
Interest Payments	(23,535)
Other Nonoperating Receipts (Disbursements)	321,358
Change in Fund Cash Balance	(7,095)
Beginning Fund Cash Balance	4,933,778
Ending Fund Cash Balance	\$ 4,926,683

	<b>2018</b>
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$ 509,373
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(814,805)
Interest Payments on Capital and Related Debt	(23,535)
Other Capital and Related Financing Activities	321,872
Net Cash Provided (Used) by	(516,468)
Capital and Related Financing Activities	(516,468)
Net Increase (Decrease)	(7,095)
Beginning Fund Cash Balance	4,933,778
Ending Fund Cash Balance	\$ 4,926,683

**VILLAGE OF VERSAILLES  
DARKE COUNTY**

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

**Note 14 – Contingent Liabilities**

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

**Note 15 – Tax Abatements**

Community Reinvestment Area (CRA)

Ohio Revised Code sections 5709.61-5709.69 allow for the designation of enterprise zones at the request of local legislative bodies and upon the approval of the director of development. After an area is certified as an enterprise zone, the legislative authority may enter into agreements with businesses to provide tax incentives in exchange for new investment in this area. An enterprise zone agreement allows for the exemption for a specified number of years, not to exceed fifteen, of a specified portion, up to 75%, of the increase in the assessed valuation of real property at the site. As part of the agreement, businesses must make specific commitments to investment and job creation or retention. If for any three-year period of the agreement the business fails to meet at least 75% of the employment commitment, the business must repay any taxes abated during that three-year period. If the business fails to comply with the terms of the agreement, other than the employment commitment, the agreement will be terminated and the business may have to repay all taxes that have been abated.

The Village of Versailles has entered into six enterprise zone agreements with local businesses. The agreements exempt 100% of the new real property investment of the businesses from taxation for a period of fifteen years. For the year ended December 31, 2018, the Village abated property taxes totaling \$20,478 under this program.

**Note 16 – Subsequent Events**

In January 2019, the Village awarded a contract of \$123,000 for the WJ Bohman Water Tower Interior Coating Project.

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

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

June 30, 2020

Village of Versailles  
Darke County  
177 North Center Street  
PO Box 288  
Versailles, Ohio 45380

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Versailles**, Darke County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 30, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF VERSAILLES  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Classification of Receipts	Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF VERSAILLES**

**DARKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/13/2020**

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

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