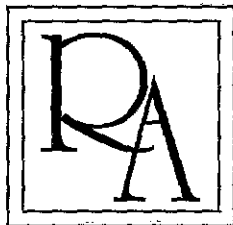


VILLAGE OF OAK HARBOR

REGULAR AUDIT

January 1, 1998 - December 31, 1999



Reichert & Associates, CPA's

206 West Hardin Street
Findlay, Ohio 45840
419-422-6131

VILLAGE OF OAK HARBOR

REGULAR AUDIT

January 1, 1998 - December 31, 1999

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

Table of Contents

TITLE	PAGE
INDEPENDENT AUDITOR'S REPORT	1
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999	2
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1999	3
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS AND SIMILAR FIDUCIARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1998	4
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUNDS - FOR THE YEAR ENDED DECEMBER 31, 1998	5
NOTES TO THE FINANCIAL STATEMENTS	6
REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u>	14
STATUS OF PRIOR AUDIT'S FINDINGS, CITATIONS, AND RECOMMENDATIONS	16



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

Village of Oak Harbor
Ottawa County
Oak Harbor, Ohio 43449

We have reviewed the independent auditor's report of the Village of Oak Harbor, Ottawa County, prepared by Reichert & Associates, CPA'S, for the audit period January 1, 1998 through December 31, 1999. 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 Oak Harbor is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized flourish that loops around the text.

JIM PETRO
Auditor of State

April 28, 2000

REICHERT & ASSOCIATES, CPA'S

206 West Hardin Street

Findlay, Ohio 45840

phone: (419)422-6131

fax: (419)422-1372

Independent Auditor's Report

Village of Oak Harbor
Ottawa County
Oak Harbor, Ohio 43449

To the Members of the Village Council

We have audited the accompanying financial statements of the Village of Oak Harbor, Ottawa County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1-B, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Oak Harbor, Ottawa County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1-B.

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2000 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 grants.

This report is intended for the information of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

March 28, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash receipts:						
Local taxes	\$618,950	\$102,832	\$0	\$0	\$0	\$721,782
Intergovernmental	123,301	158,102	0	376,675	0	658,078
Special assessments	0	21,907	0	0	0	21,907
Charges for services	76,947	13,413	0	0	2,485	92,845
Fines, licenses, and permits	4,715	508	0	0	0	5,223
Miscellaneous	143,839	11,984	0	0	434	156,257
Total cash receipts	967,752	308,746	0	376,675	2,919	1,656,092
Cash disbursements:						
Current:						
Security of persons and property	473,923	583	0	0	0	474,506
Public health services	6,272	0	0	0	0	6,272
Leisure time activities	45,417	0	0	0	0	45,417
Community environment	3,721	0	0	0	578	4,299
Basic utility services	0	0	0	12,719	0	12,719
Transportation	164,048	172,168	0	28,835	0	365,051
General government	165,165	959	0	0	0	166,124
Debt Service:						
Redemption of principal	100,000	0	0	0	0	100,000
Interest	4,351	0	0	0	0	4,351
Capital outlay	119,681	183,282	0	470,111	0	773,074
Total program disbursements	1,082,578	356,992	0	511,665	578	1,951,813
Total receipts over/(under) program disbursements	(114,826)	(48,246)	0	(134,990)	2,341	(295,721)
Other financing receipts/(disbursements):						
Transfers-in	117	2,000	0	60,000	0	62,117
Transfers-out	(62,000)	0	0	0	(117)	(62,117)
Other uses	(6,490)	(1,600)	0	0	(1,049)	(9,139)
Total other financing receipts/(disbursements)	(68,373)	400	0	60,000	(1,166)	(9,139)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(183,199)	(47,846)	0	(74,990)	1,175	(304,860)
Fund cash balances January 1, 1999	702,890	316,221	2,504	113,977	781	1,136,373
Fund cash balances, December 31, 1999	\$519,691	\$268,375	\$2,504	\$38,987	\$1,956	\$831,513
Reserve for encumbrances, December 31, 1999	\$49,488	\$30,645	\$0	\$12,488	\$70	\$92,691

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

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating cash receipts:	
Charges for services	\$3,008,321
Miscellaneous	<u>28,784</u>
Total operating cash receipts	<u>3,037,105</u>
Operating cash disbursements:	
Personal services	590,083
Travel transportation	3,136
Contractual services	1,798,243
Supplies and materials	73,849
Capital outlay	<u>693,974</u>
Total operating cash disbursements	<u>3,159,285</u>
Operating income/(loss)	<u>(122,180)</u>
Non-operating cash receipts:	
Sale of notes	425,000
Miscellaneous	<u>5</u>
Total non-operating cash receipts	<u>425,005</u>
Non-operating cash disbursements:	
Debt service	538,891
Other non-operating cash disbursements	<u>5,945</u>
Total non-operating cash disbursements	<u>544,836</u>
Net receipts over disbursements	(242,011)
Fund cash balances, January 1, 1999	<u>2,451,658</u>
Fund cash balances, December 31, 1999	<u>\$2,209,647</u>
Reserve for encumbrances, December 31, 1999	<u>\$343,082</u>

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

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
Cash receipts:						
Local taxes	\$583,625	\$99,877	\$0	\$0	\$0	\$683,502
Intergovernmental	186,144	128,280	0	0	0	314,424
Special assessments	13,834	0	0	0	0	13,834
Charges for services	85,421	6,290	0	0	2,500	94,211
Fines, licenses, and permits	8,223	170	0	0	0	8,393
Miscellaneous	152,005	13,881	0	0	115	166,001
Total cash receipts	1,029,252	248,498	0	0	2,615	1,280,365
Cash disbursements:						
Current:						
Security of persons and property	429,267	870	0	0	0	430,137
Public health services	5,632	0	0	0	0	5,632
Leisure time activities	26,172	0	0	0	0	26,172
Community environment	855	0	0	0	321	1,176
Transportation	115,921	162,970	0	0	0	278,891
General government	174,559	445	0	0	438	175,442
Capital outlay	135,172	61,910	0	23,388	0	220,470
Total program disbursements	887,578	226,195	0	23,388	759	1,137,920
Total receipts over/(under) program disbursements	141,674	22,303	0	(23,388)	1,856	142,445
Other financing receipts/(disbursements):						
Proceeds from sale of public debt						
Sale of notes	100,000	0	0	0	0	100,000
Sale of fixed assets	587	0	0	5,000	0	5,587
Transfers-in	1,902	2,000	0	50,000	0	53,902
Transfers-out	(52,000)	0	0	0	(1,902)	(53,902)
Other uses	(6,276)	0	0	0	(1,966)	(8,242)
Total other financing receipts/(disbursements)	44,213	2,000	0	55,000	(3,868)	97,345
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	185,887	24,303	0	31,612	(2,012)	239,790
Fund cash balances January 1, 1998	517,003	291,919	2,504	82,365	2,793	896,584
Fund cash balances, December 31, 1998	\$702,890	\$316,222	\$2,504	\$113,977	\$781	\$1,136,374
Reserve for encumbrances, December 31, 1998	\$158,684	\$73,481	\$0	\$33,754	\$0	\$265,919

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

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Enterprise
Operating cash receipts:	
Charges for services	\$2,878,042
Miscellaneous	42,903
	<u>2,920,945</u>
Operating cash disbursements:	
Personal services	545,954
Travel transportation	1,501
Contractual services	1,580,545
Supplies and materials	101,660
Capital outlay	348,138
	<u>2,577,798</u>
Total operating cash receipts	<u>2,920,945</u>
Total operating cash disbursements	<u>2,577,798</u>
Operating income/(loss)	<u>343,147</u>
Non-operating cash receipts:	
Proceeds from sale of public debt:	
Sale of notes	390,000
Sale of fixed assets	10,464
	<u>400,464</u>
Total non-operating cash receipts	<u>400,464</u>
Non-operating cash disbursements:	
Debt service	434,180
Other non-operating cash disbursements	5,575
	<u>439,755</u>
Total non-operating cash disbursements	<u>439,755</u>
Excess of receipts over disbursements before interfund transfers and advances	<u>303,856</u>
Transfers-in	0
Transfers-out	0
	<u>0</u>
Net receipts over disbursements	<u>303,856</u>
Fund cash balances, January 1, 1998	<u>2,147,802</u>
Fund cash balances, December 31, 1998	<u>\$2,451,658</u>
Reserve for encumbrances, December 31, 1998	<u>\$447,318</u>

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

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Oak Harbor, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), and police services.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Certificates of deposit are valued at cost. Investments are restricted by provisions of the Ohio Revised Code. Under Ohio Revised Code Chapter 135, the village may invest in obligations of the U.S. Treasury, agencies, and instrumentalities; bonds, notes, debentures, or other obligations or securities issued by any federal government agency, repurchase agreements, and the State Treasurer's pool. The repurchase agreement held by the village is stated at fair value.

D. FUND ACCOUNTING

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

Governmental Funds

General Fund - The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Street Levy Fund - This fund receives property tax money for constructing, maintaining and repairing Village streets.

Capital Project Funds - These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Improvement Fund - Receives an allocation of municipal income tax collections. The proceeds are used for general Village capital improvement projects approved by Council.

Issue II - Townline Street Fund - This project was funded by the State of Ohio Issue II program.

Issue II - UV Project - This project was funded by the State of Ohio Issue II program.

Issue II - Bank Street Project - This project was also funded by the State of Ohio Issue II program.

Debt Service Funds - The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

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

Water Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

Electric Fund - Receives charges for services from residents to cover the cost of providing this utility.

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

Proprietary Funds

Fiduciary Funds (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds.

E. 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

Encumbrances:

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

A summary of 1999 and 1998 budgetary activities appears in Note 3.

F. PROPERTY, PLANT, AND EQUIPMENT

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

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ (134,407)	\$ (23,319)
Certificates of deposit	<u>2,581,000</u>	<u>1,621,000</u>
Total deposits	\$ 2,446,593	\$1,597,681

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments are also categorized according to the level of risk assumed by the village. Category 1 includes investments that are insured or registered, or securities held by the village or its agent in the village's name. Category 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the village's name. Category 3 includes uninsured and unregistered investments held by the counterparty, or by its trust department or agent, but not in the village name. Unlike village deposits, depository agreements with the institutions holding investments are not required.

	<u>1999</u>	<u>1998</u>
Risk Category 3		
Investments:		
Repurchased Agreements	<u>594,567</u>	<u>1,990,351</u>
Total Deposits and Investments	<u>\$3,041,160</u>	<u>\$ 3,588,032</u>

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 927,495	\$ 967,869	\$ 40,374
Special Revenue	301,224	310,746	9,522
Capital Projects	515,364	436,675	(78,689)
Enterprise	3,392,367	3,462,110	69,743
Fiduciary	<u>2,750</u>	<u>2,919</u>	<u>169</u>
Total	<u>\$5,139,200</u>	<u>\$5,180,319</u>	<u>\$41,119</u>

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,630,386	\$ 1,200,556	\$ 429,830
Special Revenue	617,445	389,237	228,208
Debt Service	2,504	0	2,504
Capital Projects	629,341	524,153	105,188
Enterprise	5,844,025	4,047,203	1,796,822
Fiduciary	<u>3,531</u>	<u>1,814</u>	<u>1,717</u>
Total	\$ <u>8,727,232</u>	\$ <u>6,162,963</u>	\$ <u>2,564,269</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,083,181	\$ 1,131,741	\$ 48,560
Special Revenue	307,403	250,498	(56,905)
Capital Projects	343,488	55,000	(288,488)
Enterprise	3,320,946	3,321,409	463
Fiduciary	<u>2,750</u>	<u>2,615</u>	<u>(135)</u>
Total	\$ <u>5,057,768</u>	\$ <u>4,761,263</u>	\$ <u>(296,505)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,605,184	\$ 1,104,538	\$ 495,646
Special Revenue	587,321	299,676	287,645
Debt Service	2,504	0	2,504
Capital Projects	425,853	57,142	368,711
Enterprise	5,468,748	3,464,871	2,003,877
Fiduciary	<u>543</u>	<u>4,627</u>	<u>916</u>
Total	\$ <u>8,090,153</u>	\$ <u>4,930,854</u>	\$ <u>3,159,299</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation.

Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt activity over the past two years was as follows:

	Principal Balance <u>12/31/97</u>	Debt Issued	Debt Redeemed	Principal Balance <u>12/31/99</u>
OWDA Loan (5.50%)	\$ 88,043	\$	\$ 21,864	\$ 66,179
OWDA Loan (7.51%)	1,113,582		68,088	1,045,494
Water System Improve Note (4.25%)	290,000		290,000	0
General Obligation - Village Office Building (4.375%)		100,000	100,000	0
Water System Improvement Note (4.375%)		190,000	190,000	0
Sanitary Sewer Improvement Note(4.375%)		200,000	200,000	0
Sanitary Sewer Improvement Note (4.15%)		100,000		100,000
Various Purpose Bond Anticipation Notes (3.70%)		<u>325,000</u>		<u>325,000</u>
Total	<u>\$1,491,625</u>	<u>915,000</u>	<u>\$869,952</u>	<u>\$1,536,673</u>

The Ohio Water Development Authority (OWDA) loans relate to a secondary plant expansion, wastewater treatment plant improvements and storm drainage projects. They are both payable in semiannual installments of \$7,741 and \$58,221, respectively. The first loan matures in 2004 and the second 2016.

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

The outstanding notes were issued in anticipation of bond replacements. These notes will mature in 2000.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Principal	Interest	Total
2000	474,767	98,332	573,099
2001	53,266	78,657	131,923
2002	57,016	74,907	131,923
2003	61,033	70,890	131,923
2004	65,424	66,499	131,923
Subsequent	<u>825,167</u>	<u>397,472</u>	<u>1,222,639</u>
Total	<u>\$1,536,673</u>	<u>\$ 786,757</u>	<u>\$ 2,323,430</u>

6. LOCAL INCOME TAXES

This locally levied tax of 1 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of Oak Harbor and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations operating within Oak Harbor. The tax receipts are credited to the General Fund and amounted to \$517,209 in 1999 and \$485,165 in 1998.

7. JOINT VENTURES

Ohio Municipal Electric Generation Agency Joint Venture 3

The Village is a participant with thirteen subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3) was created for that purpose. On dissolution of the joint venture, the net assets of JV3 will be shared by the participants on a percentage basis. The JV3 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the Village remitted \$2,068 and \$2,071 for 1999 and 1998, respectively, to the joint venture. The Village of Oak Harbor's net investment and its share of the operating results of JV3 ownership share of the project is 3.604 percent. Complete financial statements for JV3 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081, or from the Village's Administrator.

Ohio Municipal Electric Generation Agency Joint Venture 5

The Village is a participant with forty-two other municipalities within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On the dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 certificates of beneficial interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the Village remitted \$200,923 and \$209,388 for 1999 and 1998, respectively, to the joint venture. The Village of Oak Harbor's net investment and its share of the operating results of JV5 ownership share of the project is 0.94 percent. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081 or from the Village's Administrator. Each member is required to make debt service payments for the project based on their percentage of ownership. Payments began in 1994. The Village of Oak Harbor's share of this debt service is as follows:

<u>Year Ending</u>	<u>Participant Debt</u>
<u>December 31:</u>	<u>Service</u>
2000	\$ 102,561
2001	102,591
2002	102,567
2003	102,576
2004	102,602
Subsequent	<u>2,051,496</u>
Total	<u><u>\$ 2,564,393</u></u>

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of their wages. PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

VILLAGE OF OAK HARBOR
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 1999 and 1998

9. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicles

The Village also provides health insurance and dental coverage to full-time employees through a private carrier.

REICHERT & ASSOCIATES, CPA'S

206 West Hardin Street
Findlay, Ohio 45840
419-422-6131
Fax: 419-422-1372

Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards

Village of Oak Harbor
Oak Harbor, Ohio 43449

To the Members of the Village Council

We have audited the financial statements of the Village of Oak Harbor, Ottawa County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We also noted other matters involving the internal control over financial reporting which we have reported to management of the Village in a separate letter dated March 28, 2000.

This report is intended for the information of the Village Council and management and is not intended to be and should not be used by anyone other than these specified parties.

March 28, 2000
Findlay, Ohio

REICHERT & ASSOCIATES, CPA'S
Certified Public Accountants

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

**STATUS OF PRIOR AUDIT'S
FINDINGS, CITATIONS, AND RECOMMENDATIONS**

<u>Material Weakness</u>	<u>Status</u>	<u>Explanation if not fully Implemented</u>
<u>Utilities Department</u>	Corrected	
<u>Income Tax Department</u>	Corrected	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: MAY 9, 2000